

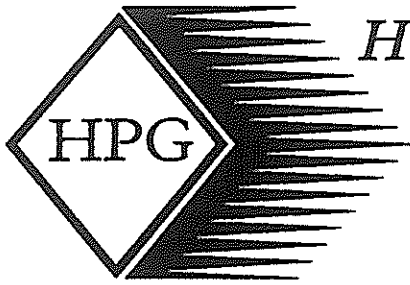
**Report On Audit**

**THE CITY OF WILDWOOD**  
**HOUSING AUTHORITY**

**For the Year Ended**  
**March 31, 2016**

**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 governmental public corporation) in Wildwood, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of March 31, 2016, and the related statement 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.

#### **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 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 City of Wildwood Housing Authority 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Method of Accounting for Pensions**

As discussed in Note 1 to the financial statements, the Authority changed its method for accounting and financial reporting of pensions as a result of the adoption of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and PERS supplemental information on pages 4 through 17 and pages 55-56 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 October 13, 2016 on our consideration of the City of Wildwood Housing Authority 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* in considering City of Wildwood Housing Authority's internal control over financial reporting and compliance.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey

Date: October 13, 2016

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

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 18 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 \$2,051,420 greater than the liabilities, a decrease in the financial position of \$614,911 or 23% percent.

As noted above, the net position of the Authority exceeded its liabilities by \$2,051,420 as of March 31, 2016. Of this amount, the unrestricted position is \$359,578 representing a decrease of \$733,646 or 67% percent from the previous year. During the year, the Authority had a prior period adjustment in the amount of (\$615,616) which resulted from the implementation of GASB 68. Additional information on the Authority's unrestricted net position can be found in Note 18 to the financial statements, which is included in this report.

The net investment in capital assets increased \$118,735 or 8% percent for an ending balance of \$1,691,842.

The Authority's unrestricted cash, and cash equivalent at March 31, 2016 is \$1,208,883 representing an increase of \$17,729 or 1% percent from the prior fiscal year. Total restricted cash decreased \$2,084 or 4% percent for an ending balance of \$47,336. Investments increased \$1,011 from the prior fiscal year for an ending balance of \$145,075. The full detail of these amounts can be found in the Statement of Cash Flow on pages 21-22 of this report.

The Authority's total assets and deferred outflows are \$3,369,520 of which capital assets net book value is \$1,691,842, deferred outflows in the amount of \$194,333, and total current assets at \$1,483,345. Total current assets decreased from the previous year by \$48,325 or 3% percent. Unrestricted cash and cash equivalents increased by \$17,729, restricted cash and cash equivalents decreased \$2,084, investments increased by \$1,011, accounts receivables decreased by \$70,970, and prepaid expenses increased by \$5,989. Accounts receivables decreased significantly due to the payment from HUD capital fund program for on-going site improvements at the Authority.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Capital assets reported an increase in the net book value of the capital assets in the amount of \$118,735 or 8% percent. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$217,565, less the recording of depreciation expense in the amount of \$98,830. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 8 Fixed Assets.

The Authority changed its method for accounting and financial reporting of pensions as a result of the adoption of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* resulted in an increase in the deferred outflow for the pension cost in the amount of \$194,333. The Authority also reported an increase in the deferred inflow for the pension cost in the amount of \$12,978. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements section Note – 9 Deferred Outflows/Inflows of Resources.

The Authority's total liabilities are reported at \$1,305,122, of which noncurrent liabilities are stated at \$1,069,325. Total liabilities increased during the year as compared to the prior year in the amount of \$866,676 or 198% percent. Total current liabilities decreased during the year by \$4,253 leaving non current liabilities for an increase of \$870,929 as compared to the previous year.

Total current liabilities decreased from the previous year by \$4,253 or 2% percent. Accounts payables decreased by \$8,337. Accrued liabilities increased by \$17,476, mainly for the repairs paid by the lessor for the commercial lease, tenant security deposit payable decrease by \$2,084, unearned revenue decreased \$202, and other liabilities – current decreased \$11,106.

Total noncurrent liabilities increased by \$870,929 or 429% percent. Other Liabilities – noncurrent decreased \$15,764. Long-term obligations such as noncurrent compensated absences with an ending balance of \$31,133, with no offsetting assets, decreased \$1,637 from the previous year. Accrued other post-employment benefits (OPEB) liabilities increased \$888,330 or 593% percent. Accrued pension increased due to the adoption of GASB 68 by the Authority. Additional information on GASB 68's effect and the Authority's accrued pension as well as the increase in accrued OPEB liability at March 31, 2016 can be found in Notes 16-17 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$1,548,306 as compared to \$1,552,147 from the prior year for a decrease of \$3,841 or less than 1% percent. The Authority had total operating expenses of \$1,681,040 as compared to \$1,624,643 from the previous year for an increase of \$56,397 or 3% percent, resulting in a deficiency of revenue from operations in the amount of \$132,734 for the current year as compared to a deficiency of revenue from operations in the amount of \$72,496 for an increase in deficit of \$60,238 or 83% percent from the previous year.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Total capital improvements contributions from HUD were in the amount of \$128,634 as compared to \$233,234 from the previous year for a decrease of \$104,600 or 45% percent.

The Authority had capital outlays in the amount of \$217,565 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 \$128,634 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 \$857,640 for the fiscal year 2016 as compared to \$920,340 for the previous fiscal year 2015 for a decrease of \$62,700 or 7% percent.

**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 18 through 22.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

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.

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 23 through 52.

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 CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 53-54 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 the Uniform Guidance 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 \$750,000 in expenditures for the fiscal year ended March 31, 2016. Type B programs for the City of Wildwood Housing Authority are those which are less than \$750,000 in expenditures for the fiscal year ended March 31, 2016.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

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

The following summarizes the computation of Net Position between March 31, 2016 and March 31, 2015.

Computations of Net Position are as follows:

	Year Ended		Increase (Decrease)
	March-16	March-15	
Cash	\$ 1,256,219	\$ 1,240,574	\$ 15,645
Other Current Assets	227,126	291,096	(63,970)
Capital Assets - Net	1,691,842	1,573,107	118,735
Deferred Outflows	194,333	-	194,333
Total Assets	3,369,520	3,104,777	264,743
Less: Current Liabilities	(235,797)	(240,050)	4,253
Less: Non Current Liabilities	(1,069,325)	(198,396)	(870,929)
Less: Deferred Inflows	(12,978)	-	(12,978)
Net Position	\$ 2,051,420	\$ 2,666,331	\$ (614,911)
Net Investment in Capital Assets	\$ 1,691,842	\$ 1,573,107	\$ 118,735
Unrestricted Net Position	359,578	1,093,224	(733,646)
Net Position	\$ 2,051,420	\$ 2,666,331	\$ (614,911)

Cash increased by \$15,645 or 1% percent. Net cash provided by operating activities was \$11,060, net cash provided by capital and related financing activities was \$791, and net cash provided by investing activities was \$3,794. The full detail of this amount can be found in the Statement of Cash Flow on pages 21-22 of this audit report.

Other current assets decreased \$63,970. The Authority's investments increased \$1,011. Account receivable decreased \$70,970 mainly due to a decrease in HUD receivables. Prepaid expenses increased \$5,989 due to increases in prepaid insurance expense.

Capital assets reported an increase in the net book value of the capital assets in the amount of \$118,735 or 8% percent. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$217,565, less the recording of depreciation expense in the amount of \$98,830. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 8 Fixed Assets.

The Authority had an increase in the deferred outflow for the pension cost in the amount of \$194,333. The Authority also reported an increase in the deferred inflow for the pension cost in the amount of \$12,978.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

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

Total current liabilities decreased from the previous year by \$4,253 or 2% percent. Accounts payables decreased by \$8,337. Accrued liabilities increased by \$17,476, mainly for the repairs paid by the lessor for the commercial lease, tenant security deposit payable decrease by \$2,084, unearned revenue decreased \$202, and other liabilities – current decreased \$11,106.

Total noncurrent liabilities increased by \$870,929 or 429% percent. Other Liabilities – noncurrent decreased \$15,764. Long-term obligations such as noncurrent compensated absences with an ending balance of \$31,133, with no offsetting assets, decreased \$1,637 from the previous year. Accrued other post-employment benefits (OPEB) liabilities increased \$888,330 or 593% percent. Accrued pension increased due to the adoption of GASB 68 by the Authority. Additional information on GASB 68's effect and the Authority's accrued pension as well as the increase in accrued OPEB liability at March 31, 2016 can be found in Notes 16-17 to the financial statements, which is included in this report.

The Authority's reported net position of \$2,051,420 is made up of two categories. The net investment in capital assets in the amount of \$1,691,842 represents 82% 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, 2015	\$ 1,573,107
Fixed Asset Acquisitions	217,565
Depreciation Expense	(98,830)
Balance March 31, 2016	<u>\$ 1,691,842</u>

The rest of the Authority's net position is made up of its unrestricted net position in the amount of \$359,578. The Authority reported a decrease in its unrestricted position in the amount of \$733,646 or 67% percent resulting in an ending balance in the amount of \$359,578. During the year, the Authority had a prior period adjustment in the amount of (\$615,616) for the recording Net Pension Liability. This adjustment was due to the implementation of GASB 68. A full detail of this account can be found in the Notes to the Financial Statements section Note – 18.

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, 2016**

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

The following summarizes the changes in Net Position between March 31, 2016 and March 31, 2015:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase
	March-16	March-15	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 562,266	\$ 562,070	\$ 196
HUD Subsidies	729,006	687,106	41,900
Other Government Grants	116,140	119,370	(3,230)
Other Revenues	140,894	183,601	(42,707)
Total Operating Income	1,548,306	1,552,147	(3,841)
<u>Expenses</u>			
Operating Expenses	1,582,210	1,452,895	129,315
Depreciation Expense	98,830	171,748	(72,918)
Total Operating Expenses	1,681,040	1,624,643	56,397
Operating Income before Non Operating Expenses	(132,734)	(72,496)	(60,238)
Interest Income	4,805	4,358	447
HUD Capital Grants	128,634	233,234	(104,600)
Change in Net Position	705	165,096	(164,391)
Net Position Prior Year	2,666,331	2,501,235	165,096
Prior Period Adjustment	(615,616)	-	(615,616)
Total Net Position	\$ 2,051,420	\$ 2,666,331	\$ (614,911)

Approximately 47% percent of the Authority's total revenue was provided by HUD operating subsidy, while 36% percent resulted from tenant revenue. Charges for various services and other governmental grants provided 17% percent of the total income.

The City of Wildwood Housing Authority received capital fund improvement grant money during the year in the amount of \$128,634 as compared to \$233,234 for the previous year. The current year additions included fire alarm upgrades, roof replacement, apartment renovations, replacement of hot water heaters and replacement of appliances.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

**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 37% percent of total operating expenses. Tenant services accounted for 1% percent, utilities expense accounted for 17% percent, maintenance expense accounted for 29% percent, protective services accounted for 3% percent, other operating expenses accounted for 7% percent, and depreciation accounted for the remaining 6% 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 \$132,734 from operations as compared to excess expenses from operations of \$72,496 for the previous year. The key element for the increase in deficit in comparison to the prior year is as follow:

- The Authority reported an increase in HUD PHA operating grants in the amount of \$41,900 or 6% percent.
- The Authority experienced a decrease in other governmental grants in the amount of \$3,230 or 3%
- Administrative expenses increased \$141,342 mainly due to the increased administrative health benefits cost for the employees which accounted for an 18% percent increase.
- Maintenance expenses increased \$105,024 or 9% percent. This increase was mainly due to extermination expenses for the bedbug's remediation, HVAC repairs, and electrical repairs.
- Protective services increased overall \$16,509 or 93% percent.

Total net cash provided by operating activities during the year was \$11,060 as compared to net cash provided in the prior fiscal year in the amount of \$40,918. The Authority has showed positive cash flows from operations for the past few years. A full detail of this amount for March 31, 2016 can be found on the Statement of Cash Flow on pages 21-22 of this report.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

**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, 2016.

	March-16	March-15	March-14	March-13
<b>Significant Income</b>				
Total Tenant Revenue	\$ 562,266	\$ 562,070	\$ 548,864	\$ 536,010
HUD Operating Grants	729,006	687,106	617,931	740,124
HUD Capital Grants	128,634	233,234	78,367	58,013
Other Government Grants	116,140	119,370	78,213	92,329
Investment Income	4,805	4,358	5,537	6,357
Other Income	140,894	183,601	185,633	157,579
Total	<u>\$ 1,681,745</u>	<u>\$ 1,789,739</u>	<u>\$ 1,514,545</u>	<u>\$ 1,590,412</u>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 108,748	\$ 124,769	\$ 126,803	\$ 102,684
Tenant Services Salaries	-	32,215	55,388	53,959
Maintenance Labor	142,895	135,216	131,553	147,655
Protective Services Labor	34,245	17,736	25,290	45,312
Employee Benefits Expense	213,132	148,218	133,733	162,130
Total Payroll Expense	<u>\$ 499,020</u>	<u>\$ 458,154</u>	<u>\$ 472,767</u>	<u>\$ 511,740</u>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 426,881	\$ 291,435	\$ 283,247	\$ 276,047
Utilities Expense	292,760	293,182	286,710	291,742
Maintenance Supplies	39,028	38,488	40,870	42,839
Maintenance Contract Cost	192,663	144,182	118,720	122,561
Insurance Premiums	92,254	90,731	84,810	90,291
Total	<u>\$ 1,043,586</u>	<u>\$ 858,018</u>	<u>\$ 814,357</u>	<u>\$ 823,480</u>
<b>Total Operating Expenses</b>	<u>\$ 1,681,040</u>	<u>\$ 1,624,643</u>	<u>\$ 1,503,980</u>	<u>\$ 1,670,231</u>
<b>Total of Federal Awards</b>	<u>\$ 857,640</u>	<u>\$ 920,340</u>	<u>\$ 696,298</u>	<u>\$ 798,137</u>

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

**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.

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 CITY OF WILDWOOD HOUSING AUTHORITY PROGRAMS**

Public Housing Program:

Under the Low Rent 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, 2016**

**BUDGETARY HIGHLIGHTS**

For the year ended March 31, 2016, 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 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.

**NEW INITIATIVES**

For the fiscal year 2016 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 51% percent of its revenue from the Department of Housing and Urban Development, (2015 was 51% 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 been involved with a Rental Assistance Application (RAD) which would involve converting current public housing units to a Section 8 platform. While this process takes time the Authority has remained diligent in being proactive in regards to maintaining the condition of their buildings.

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.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

1 – Capital Assets

The Authority's net investment in capital assets as of March 31, 2016 was \$1,691,842 (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 \$118,735 or 8% percent. Major capital expenditures of \$217,565 were made during the year. Major capital assets events during the fiscal year included the following:

- Fire Alarm Upgrades
- Roof Replacement
- Apartment Renovations
- Replacement of Hot Water Heaters
- Replacement of Appliances

	March-16	March-15	Increase (Decrease)
Land and Improvements	\$ 415,252	\$ 415,252	\$ -
Buildings & Improvements	5,496,677	5,496,677	-
Furniture & Equipment - Dwelling	475,159	475,159	-
Furniture & Equipment - Administration	923,725	919,304	4,421
Leashold Improvements	3,765,066	3,680,556	84,510
Construction in Progress	535,845	407,211	128,634
Totals	11,611,724	11,394,159	217,565
Accumulated Depreciation	(9,919,882)	(9,821,052)	(98,830)
Net Book Value	\$ 1,691,842	\$ 1,573,107	\$ 118,735

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, 2016.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2016**

**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. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. We do not expect this consistent trend to change.

The capital budgets for the 2016 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, 2017.

- 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 Department of Defense and Homeland Security due to the war on terrorism and other impending military activities will probably result in reduced appropriations for all other domestic program spending.
- Converting Low Income Housing Program rental units into RAD subsidy units.
- 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.
- 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.

**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 - 1**  
**AS OF MARCH 31, 2016**

	<u>2016</u>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents - Unrestricted	\$ 1,208,883
Restricted Cash - Security Deposits	47,336
Investments - Unrestricted	145,075
Accounts Receivables, Net of Allowances	28,030
Prepaid Expenses	54,021
Total Current Assets	<u>1,483,345</u>
<b>Noncurrent Assets</b>	
Capital Assets	
Land	415,252
Building	5,496,677
Furniture, Equipment - Dwelling	475,159
Furniture, Equipment - Administration	923,725
Leasehold Improvements	3,765,066
Construction in Process	535,845
Total Capital Assets	<u>11,611,724</u>
Less: Accumulated Depreciation	<u>(9,919,882)</u>
Net Book Value	<u>1,691,842</u>
 Total Assets	 <u>3,175,187</u>
 <b>Deferred Outflow of Resources</b>	
Total Deferred Outflows of Resources	<u>194,333</u>
 Total Assets and Deferred Outflow of Resources	 <u><u>\$ 3,369,520</u></u>

See accompanying notes to the financial statements.

**THE CITY OF WILDWOOD HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION - 2**  
**AS OF MARCH 31, 2016**

	<u>2016</u>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	\$ 160,800
Accrued Liabilities	26,804
Tenant Security Deposit Payable	47,336
Unearned Revenue	857
Total Current Liabilities	<u>235,797</u>
<b>Noncurrent Liabilities</b>	
Accrued Compensated Absences - Long-Term	31,133
Accrued Pension and OPEB Liabilities	1,038,192
Total Noncurrent Liabilities	<u>1,069,325</u>
Total Liabilities	<u>1,305,122</u>
<b>Deferred Inflow of Resources</b>	
Total Deferred Inflow of Resources	<u>12,978</u>
<b>Net Position:</b>	
Net Investment in Capital Assets	1,691,842
Unrestricted	359,578
Total Net Position	<u>2,051,420</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u><u>\$ 3,369,520</u></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, 2016**

	2016
<b>Revenue:</b>	
Tenant Rental Revenue	\$ 562,266
HUD PHA Operating Grants	729,006
Other Government Grants	116,140
Other Revenue	140,894
Total Revenue	<u>1,548,306</u>
<b>Operating Expenses:</b>	
Administrative Expense	629,053
Tenant Services	17,190
Utilities Expense	292,760
Maintenance Expense	494,294
Protective Services Expense	34,245
Other Operating Expenses	114,668
Depreciations Expense	98,830
Total Operating Expenses	<u>1,681,040</u>
Excess Expenses Over Revenue From Operations	<u>(132,734)</u>
<b>Non Operating Income and (Expenses):</b>	
Investment Income	4,805
Capital Grants	128,634
Total Non Operating Income and (Expenses)	<u>133,439</u>
<b>Change in Net Position</b>	<u>705</u>
Beginning Net Position	2,666,331
Prior Period Adjustment	(615,616)
Beginning Net Position, Restated	<u>2,050,715</u>
<b>Ending Net Position</b>	<u><u>\$ 2,051,420</u></u>

See accompanying notes to the financial statements.

**THE CITY OF WILDWOOD HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOW - 1**  
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2016**

	2016
<b>Cash Flow From Operating Activities</b>	
Receipts from Tenants	\$ 563,554
Receipts from Federal Grants	729,006
Receipts from Other Grants	129,740
Receipts from Misc. Sources	140,894
Payments to Vendors and Suppliers	(760,354)
Payments to Employees	(285,888)
Payment of Employee Benefits	(213,132)
Payments for Utilities	(292,760)
Net Cash Provided by Operating Activities	<u>11,060</u>
<b>Cash Flow From Capital and Related Financing Activities</b>	
Receipts from Capital Grants	128,634
Acquisitions and Construction of Capital Assets	(217,565)
(Decrease) in Accrued Compensated Absences	(1,637)
Change in Accrued Pension and OPEB Liabilities	888,330
Net Effect of Deferred Inflows and Outflows	(181,355)
Prior Period Adjustment - Net of Adjustment	(615,616)
Net Cash Provided by Capital and Related Financing Activities	<u>791</u>
<b>Cash Flow From Investing Activities</b>	
Interest Income	4,805
(Increase) in Investments	(1,011)
Net Cash Provided by Investing Activities	<u>3,794</u>
Net Increase in Cash and Cash Equivalents	15,645
<b>Beginning Cash</b>	<u>1,240,574</u>
<b>Ending Cash</b>	<u><u>\$ 1,256,219</u></u>
<u>Reconciliation of Cash Balances:</u>	
Cash and Cash Equivalents - Unrestricted	\$ 1,208,883
Tenant Security Deposits	47,336
Total Ending Cash	<u><u>\$ 1,256,219</u></u>

See accompanying notes to the financial statements

**THE CITY OF WILDWOOD HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOW - 2**  
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2016**

	<u>2016</u>
<b>Reconciliation of Operating Income to Net Cash</b>	
(Used) by Operating Activities	
Excess of Expenses Over Revenue	\$ (132,734)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:	
Depreciation Expense	98,830
(Increase) Decrease in:	
Accounts Receivables	70,970
Prepaid Expenses	(5,989)
Increase (Decrease) in:	
Accounts Payable	(8,337)
Accrued Liabilities	17,476
Tenant Security Deposit Payable	(2,084)
Unearned Revenue	(202)
Other Liabilities - Current and Noncurrent	(26,870)
Net Cash Provided by Operating Activities	<u>\$ 11,060</u>

See accompanying notes to the financial statements

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **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 an entity 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 GASB's #61 *The financial Reporting Entity* and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The organization is fiscal dependency on the primary government.
- C. The organization has potential to impose a financial benefit or burden on the primary government.
- D. The organization meets the financial accountability criteria for inclusion as a component unit of the primary government.
- E. The primary government is able to impose its will on the organization.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **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.”

### **New Accounting Standards Adopted**

Statement No. 68 of the Government Accounting Standards Board (“GASB 68”) *Accounting and Financial Reporting for Pensions – an amendment of GASB statement No. 27* was issued in June 2012. This Statement establishes financial reporting standards for state and local governmental pension plans, defined benefit pensions plans and defined contributions pension plans that are administered through trusts or equivalent programs.

The requirements of GASB 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet certain criteria and to the financial statements of state and local governmental non employer contributing entities that have a legal obligation to make contributions directly to such pension plans.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures.

GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **Basis of Accounting –**

In Enterprise fund, activities are 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 major sources of revenue are tenants dwelling rentals, HUD operating subsidy, capital grants, and other revenue.

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 income are expenditure driven grants with the revenue from the grant classified based on the expenditure. If the funds were expended for capital activities, the revenue is reported as capital contribution; if the funds are expended for other than capital, the revenue is reported as operating revenue.

Other revenue composed primarily of miscellaneous services fees and residents late charges. The revenue is recorded as earned since it is measurable and available.

Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **Basis of Accounting – Continued**

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.

### **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.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **Report Presentation - Continued**

#### 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.

### **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.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **Other accounting policies – Continued**

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 - Advertising cost is charged to expense when incurred.

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 - 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 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.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **Other accounting policies – Continued**

14 - 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.

15 - 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.

### **Budgetary and Policy Control –**

The Authority submits its annual operating subsidy and capital budgets to HUD. The Authority also 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.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

**Activities** – The 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		

### State of New Jersey

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.

#### 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.

# **THE CITY OF WILDWOOD HOUSING AUTHORITY**

## Notes to Financial Statements

March 31, 2016

**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.

### **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.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 3 - PENSION PLAN - CONTINUED**

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/2015divisioncombined.pdf>

### 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 7.20% 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 2016 amounted to \$30,915.

### Post Employment Retirement Benefits

The Authority provides post employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.

Further information on the Pension Plan and its effects do to the adoption of GASB 68 can be found in Note 17- Accrued Pension Liability.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **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.

#### Collateral for Deposits

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

The Authority has total unrestricted cash, cash equivalents at March 31, 2016 in the amount of \$1,208,883, restricted cash in the amount of \$47,336, and investments in the amount of \$145,075 which consists of the following:

	March-16
Crest Savings	\$ 1,353,458
TD Bank	47,336
Petty Cash	500
Total Cash, Cash Equivelants, and Investments	<u>\$ 1,401,294</u>

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements March 31, 2016

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

The Authority has total restricted cash at March 31, 2016 in the amount of \$47,336, which consists of Low Income Housing Program tenant security deposits. This amount is held in an interest bearing account at TD Bank as of March 31, 2016.

#### **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, 2016, 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 Authority's checking accounts are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it.

The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	
	<u>March-16</u>
Insured	\$ 297,336
Collateralized held by pledging bank's trust department in the Authority's name	<u>1,103,958</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 1,401,294</u>

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts Receivable at March 31, 2016 consisted of the following:

	<u>March-16</u>
Tenants Accounts Receivable - Present	\$ 3,207
Less Allowance for Doubtful Accounts	(802)
Net Tenants Accounts Receivable	<u>2,405</u>
Accounts Receivable- Complete Care	5,046
Accounts Receivable - State of New Jersey	<u>20,579</u>
Net Accounts Receivable - Other	<u>25,625</u>
Total Accounts Receivable	<u>\$ 28,030</u>

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, 2016 consisted of the following:

	<u>March-16</u>
Net Book Value - Inventory on Hand	\$ 1,065
Prepaid Insurance Premiums	25,983
Prepaid Annual Pension	24,890
Prepaid Software Contract	<u>2,083</u>
Total Prepaid Expenses	<u>\$ 54,021</u>

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **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, 2016 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 GASBS #42, Accounting for the Impairment or Disposal of Long-Lived Assets, in the preparation of these financial statements.

The carrying value of long-live assets in accordance with GASBS #42, 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, 2016.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 8 - FIXED ASSETS - CONTINUED**

Below is a schedule of changes in fixed assets for the twelve months ending March 31, 2016:

	Balance March-15	Additions	Balance March-16
Land and Improvements	\$ 415,252	\$ -	\$ 415,252
Buildings & Improvements	5,496,677	-	5,496,677
Furniture & Equipment - Dwelling	475,159	-	475,159
Furniture & Equipment - Administration	919,304	4,421	923,725
Leashold Improvements	3,680,556	84,510	3,765,066
Construction in Progress	407,211	128,634	535,845
Totals	11,394,159	217,565	11,611,724
Accumulated Depreciation	(9,821,052)	(98,830)	(9,919,882)
Net Book Value	\$ 1,573,107	\$ 118,735	\$ 1,691,842

Below is a schedule of the net book value of the fixed assets for the City of Wildwood Housing Authority as of March 31, 2016:

	March-16
Land and Improvements	\$ 415,252
Buildings & Improvements	33,779
Furniture & Equipment - Dwelling	23,512
Furniture & Equipment -	74,506
Leashold Improvements	608,948
Construction in Progress	535,845
Net Book Value	\$ 1,691,842

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

A deferred outflow is an outflow of resources, which is a consumption of net assets by the government that is applicable to the reporting period. A deferred inflow is an inflow of resources, which is an acquisition of net assets by the government that is applicable to the reporting period.

The Pension Liability discussed in Note 17 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The Authority's deferred outflows and inflows are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	\$ 19,257	\$ -
Changes in Assumptions	86,687	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	12,978
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	88,389	-
Total	<u>\$ 194,333</u>	<u>\$ 12,978</u>

#### Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$19,257 and \$-0-.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED**

#### Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$86,687 and \$-0-

#### Net Difference between Projected and Actual Investments Earnings on Pension Plan Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five year closed period in accordance with GASB 68. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$-0- and \$12,978.

#### Changes in Proportion

The change in employer proportionate share is the amount of difference between the employer proportionate share of net pension liability in the prior year compared to the current year. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a *five* year closed period, reflecting the average remaining service life of the plan members active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow or resources. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$88,389 and \$-0-.

### **NOTE 10- ACCOUNTS PAYABLE**

The Authority reported accounts payable on its Statement of Net Position as of March 31, 2016. 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, 2016 consisted of the following:

	March-16
Accounts Payable Vendors	\$ 129,239
Accounts Payable - Other Government	31,561
Total Accounts Payable	<u>\$ 160,800</u>

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements March 31, 2016

### **NOTE 11 – ACCOUNTS PAYABLE – OTHER GOVERNMENT**

The Authority reported accounts payable other government on its Statement of Net Position as of March 31, 2016 as detailed below:

	March-16
Pilot Payable	\$ 22,414
Congregate Service Program Payable to State	9,147
Total Accounts Payable - Other Government	<u>\$ 31,561</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, 2016 consisted of the following:

P.I.L.O.T Payable March 31, 2015	\$ 22,105
P.I.L.O.T Expense	22,414
Less: Payments	(22,105)
P.I.L.O.T Payable March 31, 2016	<u>\$ 22,414</u>

### **NOTE 12 – 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, 2016 consisted of the following:

	March-16
Accrued Wages	\$ 9,656
Compensated Absences - Current Portion	3,460
Accrued - Complete Health Care	13,688
Total Accrued Expenses	<u>\$ 26,804</u>

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 13 – 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-16
Accumulated Sick Time	\$ 14,399
Accumulated Vacation Time	4,136
Accumulated Compensation for Over Time	13,599
FICA Expense	2,459
Total Accumulated Time	34,593
Less: Current Portion	(3,460)
Total Accrued Compensated Absences	<u>\$ 31,133</u>

### **NOTE 14 – ACCRUED – COMPLETE HEALTH CARE**

The Authority reported other accrued liabilities on its Statement of Net Position. Other accrued liabilities arise from expenses incurred on or before March 31, and are payable at some future date.

The Authority owed Complete Health Care, Inc. (Tenant) a balance of \$13,688 as of March 31, 2016. This balance arose due to Complete Health Care, Inc. paying for roof replacement work in the area that they rent from the City of Wildwood Housing Authority. Due to the nature of the agreement signed between the Authority and the Tenant, the Authority is reimbursing the Tenant via monthly rent credits as stated in an Addendum to the Commercial Lease Agreement.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 15 – 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, 2016 was in the amount of \$857 which consisted of prepaid rents for April 2016.

### **NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

The Authority as of March 31, 2016 reported accrued pension and OPEB liability amounts as follows:

	March-16
Accrued OPEB Liability	\$ 230,987
Accrued Pension Liability	807,205
Total OPEB and Pension Liability	<u>\$ 1,038,192</u>

These amounts arose due to adoption of GASB 45 several years ago as well as GASB 68 which was just adopted this fiscal year. This note will discuss the liability associated with GASB 45, which is accrued other postemployment benefits. Note - 17 will discuss the effect of GASB 68 and the liability which arose from that.

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 CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED**

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-16
Annual Required Contribution	\$ 68,549
Interest on net OPEB obligation	5,994
Adjustment to annual required contribution	27,604
Annual OPEB cost (expense)	102,147
Contributions made	(21,022)
Increase in net OPEB obligation	81,125
Net OPEB Obligation – beginning of year	149,862
Net OPEB Obligation – end of year	\$ 230,987

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2016 fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
March-13	\$ 34,897	34%	\$ 104,121
March-14	\$ 34,897	34%	\$ 126,991
March-15	\$ 34,897	34%	\$ 149,863
March-16	\$ 102,147	21%	\$ 230,987

### Funding Status and Funding Progress

As of April 1, 2015, the most recent full valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$798,484, and the actuarial value of assets was \$-0-, resulting in an unfunded accrued liability (UAL) of \$798,484.

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 CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements March 31, 2016

### **NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED**

#### Funding Status and Funding Progress

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 the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the 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.

The results were prepared and based on the projected unit credit method. Valuation assumptions are based on a discount rate of 4% and the annual health care cost inflation rates of 9% declining annually to an ultimate trend of 5% as of April 1, 2023.

The results are based on reviewing electronic census information, retiree plan information, benefit cost information, and other summary information of retiree benefits and eligibility.

#### EFFECT OF A 1% CHANGE IN HEALTHCARE TREND RATES

In the event of that healthcare trend rates were 1% percent higher than forecast and employee contributions were to increase at the forecast rates, the Unfunded Accrued Liability would increase to \$1,031,909 or by 29.2% percent and the corresponding Normal Cost would increase to \$61,224 or by 49.8% percent.

Reconciliation of Plan Participation (As of April 1, 2015) Active Employees:

	<u>April-15</u>
Number of Active Employees	6
Average Age - Actives	40.3
Average Years of Service - Actives	7.3
Actives Eligible for Retirement	0
Number of Retired Employees	2
Average Age - Retirees	66

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED**

#### Summary of Changes to Unfunded Accrued Liability

Below is a schedule the items that caused the increase in the UAL from the initial actuarial valuation of the unfunded accrued liability as of April 1, 2015:

Initial Valuation of UAL April 1, 2012	\$	384,419
Impact due to chages in discount rate		198,013
Impact due to changes in employee counts		469,342
Impact due to active population having less years of service		(245,207)
Impact due to changes in other assumptions since prior valuation		(8,083)
Total UAL as of April 1, 2015	\$	<u>798,484</u>

### **NOTE 17 – ACCRUED PENSION LIABILITY**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PER provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

#### Contributions

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended September 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements March 31, 2016

### **NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED**

#### Measurement Date

The net pension liability for fiscal year ending March 31, 2016 is determined at a measurement date of June 30, 2015. The total pension liability as of June 30, 2015 was determined by rolling forward the Plan's total pension liability as of July 1, 2014 to June 30, 2015. The plan fiduciary net position is the market value of plan assets as of June 30, 2015.

#### Net Pension Liability Information

The Authority as of December 31, 2015 reported a net pension liability in the amount of \$807,205 due to the adoption of GASB 68.

The component of the current year net pension liability of the Authority as of June 30, 2015, the last evaluation date, is as follows:

	PERS
Employer Total Pension Liability	\$ 1,550,173
Plan Net Position	(742,968)
Employer Net Pension Liability	<u>\$ 807,205</u>

The Authority allocation percentage is 0.0035958888% as of June 30, 2015.

#### Allocation Percentage Methodology

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

#### Allocation Percentage Methodology-Continued

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2015 and 2014 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively. For this first year implementation there was a change in allocation percentage from June 30, 2014 to June 30, 2015.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED**

#### Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 4.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Should contributions to the Plan be different from those outlined above, the results would reflect the new contribution policy and may result in the Fiduciary Net Plan Position not being sufficient to cover the Plan's benefit payments at some future date and thus changing the discount rate used to determine the Plan's Total Pension Liability.

#### Long-Term Expected Rate of Return

The arithmetic mean return on the portfolio was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015. The capital market assumptions are per Buck's investment consulting practice for 2015.

The determination of each employer's projected long term contribution effort is accomplished by computing the actuarially determined indexed present value of future compensation using census data as of June 30, 2015. The indexed present value of future compensation for each employer is calculated by multiplying the present value of future projected compensation for current employees (that is, on a closed basis) by the applicable cost index for each participant.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 17 - ACCRUED PENSION LIABILITY - CONTINUED**

The present value of future compensation for a participant incorporates:

- 1) Current employee demographics, including age, years of service, and salary,
- 2) Projected salary increases, and
- 3) Decrements (probabilities of retirement, death, and withdrawal).

#### Long-Term Expected Rate of Return -Continued

The cost indexes are designed to reflect the relative cost of benefits for groups of employees with a common benefit in relation to other groups within each GASB plan. These cost indexes are also used in the determination of annual required contributions. The cost indexes are based on a new entrant valuation where the most recent set of new members to

- 1) An PERS regular plan (retirement eligibility based on age and service),
- 2) An PERS special plan (retirement eligibility based on service alone), and

These new entrant rates are the employer contribution rates that would be paid over the employee's career assuming all valuation assumptions are realized without gains or losses. The ratio of new entrant rates between plans establishes the relative plan lucrativeness, or index.

#### Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 4.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.90 percent) or 1 percentage-point higher (5.90 percent) than the current assumption (in thousands). Sensitivity of the Authority's proportionate share of the Net Pension Liability due to change in the Discount Rate:

	1% Decrease (3.90%)	Current Discount (4.90%)	1% Increase (5.90%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,003,257	\$ 807,205	\$ 642,836

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED**

#### Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow or resources or a deferred inflow of resources.

The cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30, 2016	\$	16,925
Year Ending June 30, 2017	\$	16,925
Year Ending June 30, 2018	\$	16,925
Year Ending June 30, 2019	\$	26,955
Year Ending June 30, 2020	\$	15,238

#### Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective net pension expense for the period ended March 31, 2016 was \$72,546.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 18 – UNRESTRICTED**

The Authority's Unrestricted Net Position account balance at March 31, 2016 is \$359,578. The detail of the account balance is as follows:

	LIH Program Reserves	Congregate Service	COCC	Total
Balance March 31, 2015	\$ 929,055	\$ (92,156)	\$ 256,325	\$ 1,093,224
(Decrease) During the Year	(110,759)	(5,996)	(1,275)	(118,030)
Prior Period Adjustment - GASB #68	(536,793)	-	(78,823)	(615,616)
Balance March 31, 2016	<u>\$ 281,503</u>	<u>\$ (98,152)</u>	<u>\$ 176,227</u>	<u>\$ 359,578</u>

During the year, the Authority had a prior period adjustment in the amount of (\$615,616) which resulted from the implementation of GASB 68.

The Authority unrestricted net position reflects a \$359,578 balance, as of March 31, 2016, because of the requirement to adopt GASB #45 (OPEB) and GASB #68 pension liability. The Authority recorded OPEB liability to date of \$230,987 which has a direct effect on the reserves. The Authority recorded an accrued pension liability to date of \$807,205 which also has a direct effect on the reserves. GASB #45 and GASB #68 does not require the Authority to fund the liability.

### **NOTE 19 – 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, 2016, 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 CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 20 - 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, 2016 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, 2016 was in the amount of \$645,563.

### **NOTE 21 - 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.

Governmental Accounting Standards Boards Statements (GASBS) 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 \$857,640 to the Authority which represents approximately 51% percent of the Authority's total revenue for the fiscal year March 31, 2016.

### **NOTE 22 - CONTINGENCIES**

Litigation – At March 31, 2016, the Authority was not involved in any threatened litigation.

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.

# THE CITY OF WILDWOOD HOUSING AUTHORITY

## Notes to Financial Statements

March 31, 2016

### **NOTE 23 – PRIOR PERIOD ADJUSTMENT**

For year ending March 31, 2016

As of March 31, 2016 the Authority had a prior period adjustment in the amount of (\$615,616) while recording Net Pension Liability. This adjustment was due to the implementation of GASB 68.

### **NOTE 24 – SUBSEQUENT EVENTS**

Events that occur after the Statement of Net Position 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 Position date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru October 13, 2016; 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, 2016**

Programs funded by:  
U.S. Department of Housing and Urban Development

	CFDA #'s	Grant Period		Grant Award	Fiscal Year Cash Receipts	Fiscal Year Expenditures	Cumulative Expenditures
		From	To				
<u>Low Rent Public Housing</u>							
NJ080-00000115D	14.850	1/1/2015	12/31/2015	\$ 267,814	\$ 209,804	\$ 209,804	\$ 267,814
NJ080-00000116D	14.850	1/1/2016	12/31/2016	142,347	68,305	68,305	68,305
NJ080-00000215D	14.850	1/1/2015	12/31/2015	354,489	277,739	277,739	354,489
NJ080-00000216D	14.850	1/1/2016	12/31/2016	172,244	89,715	89,715	89,715
Grant Subtotal				<u>936,894</u>	<u>645,563</u>	<u>645,563</u>	<u>780,323</u>
<u>Public Housing Capital Fund Program</u>							
NJ39P080501-13	14.872	9/9/2013	9/8/2017	172,106	28,157	28,157	172,106
NJ39P080501-14	14.872	5/13/2014	5/12/2018	181,161	75,433	75,433	151,907
NJ39P80501-14	14.872	5/13/2014	5/12/2018	184,267	108,487	108,487	184,267
Grant Subtotal				<u>537,534</u>	<u>212,077</u>	<u>212,077</u>	<u>508,280</u>
Total Awards				\$ 1,474,428	\$ 857,640	\$ 857,640	\$ 1,288,603

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2016**

**Note 1. Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the City of Wildwood Housing Authority is under programs of the federal government for the year ended March 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Wildwood Housing Authority has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

**Note 3. Loans Outstanding:**

The City of Wildwood Housing Authority had no outstanding loans as of March 31, 2016.

**Note 4. Non- Cash Federal Assistance:**

The Authority did not receive any non-cash Federal assistance for the year ended March 31, 2016.

**Note 5. 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 WILDWOOD HOUSING AUTHORITY

## Schedule of Proportionate Share of the Net Pension Liability Of the Public Employee Retirement System (PERS) March 31, 2016

### **REQUIRED SUPPLEMENTAL INFORMATION**

GASB 68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below.

The schedule below displays the Authority's proportionate share of Net Pension Liability.

	<u>2016</u>	<u>2015</u>
Housing Authority's proportion of the net pension liability	0.00359589%	0.00344790%
Housing Authority's proportionate share of the net pension liability	\$ 807,205	\$ 645,541
Housing Authority's covered employee payroll	\$ 285,888	\$ 309,936
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	282.35%	208.28%
Plan fiduciary net position as a percentage of the total pension liability	52.07%	52.08%

*\*The amounts determined for each fiscal year were determined as of June 30.*

**THE CITY OF WILDWOOD HOUSING AUTHORITY**

Schedule of Proportionate Share of the Net Pension Liability  
Of the Public Employee Retirement System (PERS)  
March 31, 2016

**REQUIRED SUPPLEMENTAL INFORMATION - CONTINUED**

The schedule below displays the Authority's contractually required contributions along with related ratios.

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 30,915	\$ 28,424
Contribution in relation to the contractually required contribution	(30,915)	(28,424)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 285,888	\$ 309,936
Contribution as a percentage of covered employee payroll	10.81%	9.17%

*\*The amounts determined for each fiscal year were determined as of June 30.*

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
STATEMENT AND CERTIFICATION OF  
ACTUAL CAPITAL FUND GRANT COST  
AS OF MARCH 31, 2016**

	NJ39PO80501-12		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 33,192	\$ 33,192	\$ -
Management Improvements	33,192	33,192	-
Administration	4,077	4,077	-
Dwelling Structures	71,949	71,949	-
Dwelling Equipment	3,000	3,000	-
Non-Dwelling Equipment	20,550	20,550	-
Total	<u>\$ 165,960</u>	<u>\$ 165,960</u>	<u>\$ -</u>
Funds Advanced	\$ 165,960		
Funds Expended	165,960		
Excess of Funds Advanced	<u>\$ -</u>		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-12 was completed on March 31, 2016.
4. There were no budget overruns noted.

See accompanying notes to the financial statements.

**THE CITY OF WILDWOOD HOUSING AUTHORITY  
STATEMENT AND CERTIFICATION OF  
ACTUAL CAPITAL FUND GRANT COST  
AS OF MARCH 31, 2016**

	NJ39PO80501-15		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 42,753	\$ 42,753	\$ -
Administration	1,386	1,386	-
Dwelling Structures	14,051	14,051	-
Dwelling Equipment	126,078	126,078	-
Total	<u>\$ 184,267</u>	<u>\$ 184,267</u>	<u>\$ -</u>
Funds Advanced	\$ 184,267		
Funds Expended	184,267		
Excess of Funds Advanced	<u>\$ -</u>		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-15 was completed on March 31, 2016.
4. There were no budget overruns noted.

See accompanying notes to the financial statements.

Wildwood Housing Authority (NJ080)

WILDWOOD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
145 Assets Held for Sale						
150 Total Current Assets	\$1,185,334	\$77,778	\$324,557	\$1,587,669	-\$104,324	\$1,483,345
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	\$9,958	\$64,671	\$923,725		\$923,725
165 Leasehold Improvements	\$3,765,066			\$3,765,066		\$3,765,066
166 Accumulated Depreciation	-\$9,592,203	-\$2,103	-\$325,576	-\$9,919,882		-\$9,919,882
167 Construction in Progress	\$535,845			\$535,845		\$535,845
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,683,987	\$7,855	\$0	\$1,691,842	\$0	\$1,691,842
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						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$1,683,987	\$7,855	\$0	\$1,691,842	\$0	\$1,691,842
200 Deferred Outflow of Resources	\$169,529		\$24,804	\$194,333		\$194,333
290 Total Assets and Deferred Outflow of Resources	\$3,038,850	\$85,633	\$349,361	\$3,473,844	-\$104,324	\$3,369,520
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$54,622	\$62,459	\$12,158	\$129,239		\$129,239
313 Accounts Payable >90 Days Past Due						
See accompanying notes to the financial statements						

Wildwood Housing Authority (NJ080)

WILDWOOD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
321 Accrued Wage/Payroll Taxes Payable	\$8,690		\$966	\$9,656		\$9,656
322 Accrued Compensated Absences - Current Portion	\$1,741		\$1,719	\$3,460		\$3,460
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$22,414	\$9,147		\$31,561		\$31,561
341 Tenant Security Deposits	\$47,336			\$47,336		\$47,336
342 Unearned Revenue	\$857			\$857		\$857
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	\$13,688			\$13,688		\$13,688
347 Inter Program - Due To		\$104,324		\$104,324	-\$104,324	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$149,348	\$175,930	\$14,843	\$340,121	-\$104,324	\$235,797
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	\$15,666		\$15,467	\$31,133		\$31,133
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$896,975		\$141,217	\$1,038,192		\$1,038,192
350 Total Non-Current Liabilities	\$912,641	\$0	\$156,684	\$1,069,325	\$0	\$1,069,325

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)

WILDWOOD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 03/31/2016				
	Project Total	2 State/Local	COC	Subtotal	ELIM	Total
300 Total Liabilities	\$1,061,989	\$175,930	\$171,527	\$1,409,446	-\$104,324	\$1,305,122
400 Deferred Inflow of Resources	\$11,371		\$1,607	\$12,978		\$12,978
508.4 Net Investment in Capital Assets	\$1,683,987	\$7,855		\$1,691,842		\$1,691,842
511.4 Restricted Net Position						
512.4 Unrestricted Net Position	\$281,503	-\$98,152	\$176,227	\$359,578		\$359,578
513 Total Equity - Net Assets / Position	\$1,965,490	-\$90,297	\$176,227	\$2,051,420	\$0	\$2,051,420
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,038,850	\$85,633	\$349,361	\$3,473,844	-\$104,324	\$3,369,520

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)  
WILDWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
91700 Legal Expense	\$31,991		\$13,998	\$45,989		\$45,989
91800 Travel	\$3,736		\$11,813	\$15,549		\$15,549
91810 Allocated Overhead						
91900 Other	\$145,987	\$117,990	\$52,782	\$316,759		\$316,759
91000 Total Operating - Administrative	\$502,293	\$117,990	\$159,886	\$780,169	-\$151,116	\$629,053
92000 Asset Management Fee	\$20,400			\$20,400	-\$20,400	\$0
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other	\$17,190			\$17,190		\$17,190
92500 Total Tenant Services	\$17,190	\$0	\$0	\$17,190	\$0	\$17,190
93100 Water	\$30,536		\$724	\$31,260		\$31,260
93200 Electricity	\$179,948			\$179,948		\$179,948
93300 Gas	\$2,736		\$160	\$2,896		\$2,896
93400 Fuel						
93500 Labor						
93600 Sewer	\$78,656			\$78,656		\$78,656
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$291,876	\$0	\$884	\$292,760	\$0	\$292,760
94100 Ordinary Maintenance and Operations - Labor	\$142,895			\$142,895		\$142,895
94200 Ordinary Maintenance and Operations - Materials and Other	\$38,146		\$882	\$39,028		\$39,028
94300 Ordinary Maintenance and Operations Contracts	\$191,871		\$792	\$192,663		\$192,663
94500 Employee Benefit Contributions - Ordinary Maintenance	\$119,708			\$119,708		\$119,708
94000 Total Maintenance	\$492,620	\$0	\$1,674	\$494,294	\$0	\$494,294

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)  
WILDWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
95100 Protective Services - Labor	\$34,245					
95200 Protective Services - Other Contract Costs				\$34,245		\$34,245
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$34,245	\$0	\$0	\$34,245	\$0	\$34,245
96110 Property Insurance						
96120 Liability Insurance						
96130 Workmen's Compensation						
96140 All Other Insurance	\$81,882		\$10,372	\$92,254		\$92,254
96100 Total Insurance Premiums	\$81,882	\$0	\$10,372	\$92,254	\$0	\$92,254
96200 Other General Expenses						
96210 Compensated Absences						
96300 Payments in Lieu of Taxes	\$22,414			\$22,414		\$22,414
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$22,414	\$0	\$0	\$22,414	\$0	\$22,414
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,462,920	\$117,990	\$172,816	\$1,753,726	-\$171,516	\$1,582,210
97000 Excess of Operating Revenue over Operating Expenses	\$102,385	-\$1,575	-\$1,275	\$99,535	\$0	\$99,535

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)

WILDWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$97,834	\$996		\$98,830		\$98,830
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$1,560,754	\$118,986	\$172,816	\$1,852,556	-\$171,516	\$1,681,040
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)	\$4,551	-\$2,571	-\$1,275	\$705	\$0	\$705
Total Expenses						
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,497,732	-\$87,726	\$256,325	\$2,666,331		\$2,666,331

See accompanying notes to the financial statements

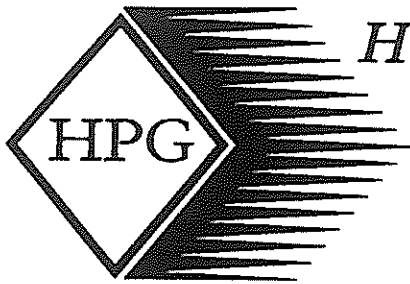
Wildwood Housing Authority (NJ080)  
WILDWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-536,793		-78,823	-615,616		-615,616
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition						
11080 Changes in Special Term/Severance Benefits						
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	2040			2040		2040
11210 Number of Unit Months Leased	2020			2020		2020
11270 Excess Cash	\$880,388			\$880,388		\$880,388
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	\$128,634		\$0	\$128,634		\$128,634
11660 Infrastructure Purchases	\$0		\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0		\$0



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**INDEPENDENT AUDITOR'S REPORT  
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 as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Wildwood Housing Authority basic financial statements, and have issued our report thereon dated October 13, 2016.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Wildwood Housing Authority financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey

Date: October 13, 2016



# *Hymanson, Parnes & Giampaolo*

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

**(Unmodified Opinion on Compliance for Each Major Program:  
No Material Weakness or Significant Deficiencies  
in Internal Control Over Compliance Identified)**

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

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

We have audited the City of Wildwood Housing Authority compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Wildwood Housing Authority major federal programs for the year ended March 31, 2016. City of Wildwood Housing Authority major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Wildwood Housing Authority 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wildwood Housing Authority compliance with those requirements and performing such other procedures as we consider 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 compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Wildwood Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2016.

### ***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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Wildwood Housing Authority's internal control over compliance with the types 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 circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Wildwood Housing Authority internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

**Purpose of This Report**

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

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey

Date: October 13, 2016

**THE CITY OF WILDWOOD HOUSING AUTHORITY**  
Schedule of Findings and Questioned Cost  
Year Ended March 31, 2016

**Prior Audit Findings**

None reported

**Summary of Auditor's Results**

**Financial Statements**

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? \_\_\_\_\_ yes X no

Significant Deficiency(ies) identified that are  
considered to be material weakness(es)? \_\_\_\_\_ yes X none reported

Noncompliance Material to Financial Statements Noted? \_\_\_\_\_ yes X no

**Federal Awards**

Internal Control over Major Programs:

Material Weakness (es) Identified? \_\_\_\_\_ yes X no

Significant Deficiency(ies) identified that are  
considered to be material weakness(es)? \_\_\_\_\_ yes X none reported

Type of audit report issued on compliance for  
major programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with section Title 2 U.S. Code of Federal Regulation  
Part 200, Uniform Administrative Requirements, \_\_\_\_\_ yes X no

**Identification of Major Programs**

CFDA#	Name of Federal Program	Amount
14.850	Low Rent Public Housing	\$ 645,563

Dollar threshold used to Distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as a low-risk auditee \_\_\_\_\_ X yes \_\_\_\_\_ no

**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 APPLYING 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, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The City of Wildwood Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure 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 the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), by the City of Wildwood Housing Authority as of and for the year ended March 31, 2016, and have issued our reports thereon dated October 13, 2016. 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 supplementary information dated March 31, 2016, was expressed in relation to the basic financial statements of the City of Wildwood Housing Authority taken as a whole.

A copy of the reporting package required by OMB Uniform Guidance, which includes the auditor's reports, is available in its entirety from the City of Wildwood 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, PIH-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, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey  
October 13, 2016

ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURE

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 to G3000-050)	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"/>