

Report On Audit

THE CITY OF WILDWOOD
HOUSING AUTHORITY

For the Year Ended
March 31, 2017

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, 2017, 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, 2017, 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.

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 November 13, 2017 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: November 13, 2017

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2017**

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

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,735,147 a decrease in the financial position of \$3,169,273 or 15% percent as compared to the prior year.

As noted above, the net position of the Authority was \$1,735,147 as of March 31, 2017. Of this amount, the unrestricted net position is a negative (\$281,247) representing a decrease of \$640,825 or 178% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 18 the financial statements, which is included in this report.

The net investment in capital assets increased \$324,552 or 19% percent for an ending balance of \$2,016,394.

The Authority's unrestricted cash, and cash equivalent at March 31, 2017 is \$683,389 representing a decrease of \$525,494 or 43% percent from the prior fiscal year. Total restricted cash decreased \$350 or 1% percent for an ending balance of \$46,986. Investments increased \$929 from the prior fiscal year for an ending balance of \$146,004. 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 \$3,287,552 of which capital assets net book value is \$2,016,394, deferred outflows in the amount of \$322,763, leaving total current assets at \$948,395. Total current assets decreased from the previous year by \$534,950 or 36% percent. Unrestricted cash and cash equivalents decreased by \$525,494, restricted cash and cash equivalents decreased \$350, investments increased by \$929, accounts receivables increased by \$13,805, and prepaid expenses decreased by \$23,840.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2017**

FINANCIAL HIGHLIGHTS - CONTINUED

Capital assets reported an increase in the net book value of the capital assets in the amount of \$324,552 or 19% percent. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$470,714, less the recording of depreciation expense in the amount of \$146,162. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 8 Fixed Assets.

The Authority reported an increase in the deferred outflow for the pension cost in the amount of \$128,430. The Authority also reported an increase in the deferred inflow for the pension cost in the amount of \$89,058. 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 \$1,450,369, of which noncurrent liabilities are stated at \$1,218,481. Total liabilities increased during the year as compared to the prior year in the amount of \$145,247 or 11% percent. Total current liabilities decreased during the year by \$3,909 leaving non current liabilities for an increase of \$149,156 as compared to the previous year.

Total current liabilities decreased from the previous year by \$3,909 or 2% percent. Accounts payables decreased by \$25,342. Accrued liabilities increased by \$19,924, tenant security deposit payable decrease by \$350, unearned revenue increased \$1,859,

Total noncurrent liabilities increased by \$149,156 or 14% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$26,808, with no offsetting assets, decreased \$4,325 from the previous year.

Accrued pension and OPEB liabilities increased \$153,481 or 15% percent. Additional information on OPEB liability effect and the Authority's accrued pension at March 31, 2017 can be found in Notes 16-17 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$1,426,601 as compared to \$1,548,306 from the prior year for a decrease of \$121,705 or 8% percent. The Authority had total operating expenses of \$1,819,542 as compared to \$1,681,040 from the previous year for an increase of \$138,502 or 8% percent, resulting in a deficiency of revenue from operations in the amount of \$392,941 for the current year as compared to a deficiency of revenue from operations in the amount of \$132,734 for an increase in deficit of \$260,207 or 196% percent from the previous year.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2017**

FINANCIAL HIGHLIGHTS - CONTINUED

Total capital improvements contributions from HUD were in the amount of \$72,952 as compared to \$128,634 from the previous year for a decrease of \$55,682 or 43% percent.

The Authority had capital outlays in the amount of \$470,714 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 \$72,952 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 \$729,383 for the fiscal year 2017 as compared to \$857,640 for the previous fiscal year 2016 for a decrease of \$128,257 or 15% 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. Public and Indian Housing Program
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, 2017**

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, 2017**

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, 2017. 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, 2017.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2017**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between March 31, 2017 and March 31, 2016.

	Year Ended		Increase
	March-17	March-16	(Decrease)
Cash	\$ 730,375	\$ 1,256,219	\$ (525,844)
Other Current Assets	218,020	227,126	(9,106)
Capital Assets - Net	2,016,394	1,691,842	324,552
Deferred Outflows	322,763	194,333	128,430
Total Assets	3,287,552	3,369,520	(81,968)
Less: Current Liabilities	(231,888)	(235,797)	3,909
Less: Non Current Liabilities	(1,218,481)	(1,069,325)	(149,156)
Less: Deferred Inflows	(102,036)	(12,978)	(89,058)
Net Position	\$ 1,735,147	\$ 2,051,420	\$ (316,273)
Net Investment in Capital Assets	\$ 2,016,394	\$ 1,691,842	\$ 324,552
Unrestricted Net Position	(281,247)	359,578	(640,825)
Net Position	\$ 1,735,147	\$ 2,051,420	\$ (316,273)

Cash decreased by \$525,844 or 42% percent. Net cash used by operating activities was \$240,653, net cash used by capital and related financing activities was \$287,978, and net cash provided by investing activities was \$2,787. 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 \$9,106. The Authority's investments increased \$929. Account receivable increased \$13,805. Prepaid expenses decreased \$23,840.

Capital assets reported an increase in the net book value of the capital assets in the amount of \$324,552 or 19% percent. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$470,714, less the recording of depreciation expense in the amount of \$146,162. 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 \$128,430. The Authority also reported an increase in the deferred inflow for the pension cost in the amount of \$89,058.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2017**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Total current liabilities decreased from the previous year by \$3,909 or 2% percent. Accounts payables decreased by \$25,342. Accrued liabilities increased by \$19,924, tenant security deposit payable decrease by \$350, unearned revenue increased \$1,859,

Total noncurrent liabilities increased by \$149,156 or 14% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$26,808, with no offsetting assets, decreased \$4,325 from the previous year.

Accrued pension and OPEB liabilities increased \$153,481 or 15% percent. Additional information on OPEB liability effect and the Authority's accrued pension at March 31, 2017 can be found in Notes 16-17 to the financial statements, which is included in this report.

The Authority's reported net position of \$1,735,147 is made up of two categories. The net investment in capital assets was in the amount of \$2,016,394. 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	\$ 1,691,842
Fixed Asset Acquisitions	470,714
Depreciation Expense	<u>(146,162)</u>
Balance March 31, 2016	<u><u>\$ 2,016,394</u></u>

The Authority reported a decrease in its unrestricted position in the amount of \$640,825 or 178% percent resulting in an ending balance in the amount of negative (\$281,247). A full detail of this account can be found in the Notes to the Financial Statements section Note – 18.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2017**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Position between March 31, 2017 and March 31, 2016:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase
	March-17	March-16	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 549,521	\$ 562,266	\$ (12,745)
HUD Subsidies	656,431	729,006	(72,575)
Other Government Grants	74,543	116,140	(41,597)
Other Revenues	146,106	140,894	5,212
Total Operating Income	1,426,601	1,548,306	(121,705)
<u>Expenses</u>			
Operating Expenses	1,673,380	1,582,210	91,170
Depreciation Expense	146,162	98,830	47,332
Total Operating Expenses	1,819,542	1,681,040	138,502
Operating Income before Non Operating Expenses	(392,941)	(132,734)	(260,207)
Interest Income	3,716	4,805	(1,089)
HUD Capital Grants	72,952	128,634	(55,682)
Change in Net Position	(316,273)	705	(316,978)
Net Position Prior Year	2,051,420	2,666,331	(614,911)
Prior Period Adjustment	-	(615,616)	615,616
Total Net Position	\$ 1,735,147	\$ 2,051,420	\$ (316,273)

Approximately 46% percent of the Authority's total revenue was provided by HUD operating subsidy, while 39% percent resulted from tenant revenue. Charges for various services and other governmental grants provided 15% percent of the total income.

The City of Wildwood Housing Authority received capital fund improvement grant money during the year in the amount of \$72,952 as compared to \$128,634 for the previous year. The current year additions included boiler and heating improvements, HVAC improvements, new appliances, unit renovations, new decks and porches, and exterior wall improvement and painting.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2017**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's operating expenses cover a range of expenses. The largest expense was for maintenance expenses representing 35% percent of total operating expenses. Tenant services accounted for 1% percent, utilities expense accounted for 16% percent, administrative expense accounted for 32% percent, protective services accounted for 2% percent, other operating expenses accounted for 6% percent, and depreciation accounted for the remaining 8% 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 \$392,941 from operations as compared to excess expenses from operations of \$132,734 for the previous year. The key element for the increase in deficit in comparison to the prior year is as follow:

- The Authority reported a decrease in HUD PHA operating grants in the amount of \$72,575 or 10% percent.
- The Authority experienced a decrease in other governmental grants in the amount of \$41,597 or 36%
- Administrative expenses decreased \$55,397 or 9% percent.
- Maintenance expenses increased \$138,211 or 28% percent. This increase was mainly due to extermination expenses for the bedbug's remediation, along with various repairs in relation to HVAC and electrical.
- Protective services increased overall \$7,858 or 23% percent.

Total net cash used by operating activities during the year was \$240,653 as compared to net cash provided in the prior fiscal year in the amount of \$11,060. A full detail of this amount for March 31, 2017 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, 2017**

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, 2017.

	March-17	March-16	March-15	March-14
Significant Income				
Total Tenant Revenue	\$ 549,521	\$ 562,266	\$ 562,070	\$ 548,864
HUD Operating Grants	656,431	729,006	687,106	617,931
HUD Capital Grants	72,952	128,634	233,234	78,367
Other Government Grants	74,543	116,140	119,370	78,213
Investment Income	3,716	4,805	4,358	5,537
Other Income	146,106	140,894	183,601	185,633
Total	<u>\$ 1,503,269</u>	<u>\$ 1,681,745</u>	<u>\$ 1,789,739</u>	<u>\$ 1,514,545</u>
Payroll Expense				
Administrative Salaries	\$ 113,580	\$ 108,748	\$ 124,769	\$ 126,803
Tenant Services Salaries	-	-	32,215	55,388
Maintenance Labor	122,430	142,895	135,216	131,553
Protective Services Labor	42,103	34,245	17,736	25,290
Employee Benefits Expense	252,158	213,132	148,218	133,733
Total Payroll Expense	<u>\$ 530,271</u>	<u>\$ 499,020</u>	<u>\$ 458,154</u>	<u>\$ 472,767</u>
Other Significant Expenses				
Other Administrative Expenses	\$ 336,873	\$ 426,881	\$ 291,435	\$ 283,247
Utilities Expense	293,344	292,760	293,182	286,710
Maintenance Supplies	114,353	39,028	38,488	40,870
Maintenance Contract Cost	266,767	192,663	144,182	118,720
Insurance Premiums	93,120	92,254	90,731	84,810
Total	<u>\$ 1,104,457</u>	<u>\$ 1,043,586</u>	<u>\$ 858,018</u>	<u>\$ 814,357</u>
Total Operating Expenses	<u>\$ 1,819,542</u>	<u>\$ 1,681,040</u>	<u>\$ 1,624,643</u>	<u>\$ 1,503,980</u>
Total of Federal Awards	<u>\$ 729,383</u>	<u>\$ 857,640</u>	<u>\$ 920,340</u>	<u>\$ 696,298</u>

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2017**

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 and Indian Housing Program:

Under the Public and Indian 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.

Public Housing 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, 2017**

BUDGETARY HIGHLIGHTS

For the year ended March 31, 2017, 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 2017 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 49% percent of its revenue from the Department of Housing and Urban Development, (2016 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 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, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's net investment in capital assets as of March 31, 2017 was \$2,016,394 (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 \$324,552 or 19% percent. Major capital expenditures of \$470,714 were made during the year. Major capital assets events during the fiscal year included the following:

- Security Camera System Improvements
- Tower Exterior Improvements and Painting
- Apartment Renovations
- Boiler and Heating System Improvements
- Replacement of Appliances
- Parking Lot Improvements
- Deck and Porch Improvements

	March-17	March-16	Increase (Decrease)
Land and Improvements	\$ 415,252	\$ 415,252	\$ -
Buildings & Improvements	5,216,388	5,496,677	(280,289)
Furniture & Equipment - Dwelling	524,923	475,159	49,764
Furniture & Equipment - Administration	988,772	923,725	65,047
Leashold Improvements	4,766,593	3,765,066	1,001,527
Construction in Progress	170,510	535,845	(365,335)
Totals	12,082,438	11,611,724	470,714
Accumulated Depreciation	(10,066,044)	(9,919,882)	(146,162)
Net Book Value	<u>\$ 2,016,394</u>	<u>\$ 1,691,842</u>	<u>\$ 324,552</u>

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

2 - Debt Administration

The Authority had no outstanding debt to report as of March 31, 2017.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2017**

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 2018 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, 2018.

- 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.
- 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, 2017

	<u>2017</u>
Assets	
Current Assets:	
Cash and Cash Equivalents - Unrestricted	\$ 683,389
Restricted Cash - Security Deposits	46,986
Investments - Unrestricted	146,004
Accounts Receivables, Net of Allowances	41,835
Prepaid Expenses	30,181
Total Current Assets	<u>948,395</u>
Noncurrent Assets	
Capital Assets	
Land	415,252
Building	5,216,388
Furniture, Equipment - Dwelling	524,923
Furniture, Equipment - Administration	988,772
Leasehold Improvements	4,766,593
Construction in Process	170,510
Total Capital Assets	<u>12,082,438</u>
Less: Accumulated Depreciation	<u>(10,066,044)</u>
Net Book Value	<u>2,016,394</u>
 Total Assets	 <u>2,964,789</u>
Deferred Outflow of Resources	
State of New Jersey P.E.R.S.	<u>322,763</u>
 Total Assets and Deferred Outflow of Resources	 <u>\$ 3,287,552</u>

See accompanying notes to the financial statements.

THE CITY OF WILDWOOD HOUSING AUTHORITY
STATEMENT OF NET POSITION - 2
AS OF MARCH 31, 2017

	<u>2017</u>
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 135,458
Accrued Liabilities	46,728
Tenant Security Deposit Payable	46,986
Unearned Revenue	<u>2,716</u>
Total Current Liabilities	<u>231,888</u>
Noncurrent Liabilities	
Accrued Compensated Absences - Long-Term	26,808
Accrued Pension and OPEB Liabilities	<u>1,191,673</u>
Total Noncurrent Liabilities	<u>1,218,481</u>
 Total Liabilities	 <u>1,450,369</u>
Deferred Inflow of Resources	
State of New Jersey P.E.R.S.	<u>102,036</u>
Net Position:	
Net Investment in Capital Assets	2,016,394
Unrestricted	<u>(281,247)</u>
Total Net Position	<u>1,735,147</u>
 Total Liabilities, Deferred Inflow of Resources, and Net Position	 <u><u>\$ 3,287,552</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, 2017

	2017
Revenue:	
Tenant Rental Revenue	\$ 549,521
HUD PHA Operating Grants	656,431
Other Government Grants	74,543
Other Revenue	146,106
Total Revenue	<u>1,426,601</u>
Operating Expenses:	
Administrative Expense	573,656
Tenant Services	18,291
Utilities Expense	293,344
Maintenance Expense	632,505
Protective Services Expense	42,103
Other Operating Expenses	113,481
Depreciations Expense	146,162
Total Operating Expenses	<u>1,819,542</u>
Excess Expenses Over Revenue From Operations	<u>(392,941)</u>
Non Operating Income:	
Investment Income	3,716
Capital Grants	72,952
Total Non Operating Income	<u>76,668</u>
Change in Net Position	(316,273)
Beginning Net Position	<u>2,051,420</u>
Ending Net Position	<u><u>\$ 1,735,147</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, 2017

	2017
Cash Flow From Operating Activities	
Receipts from Tenants	\$ 547,834
Receipts from Federal Grants	655,562
Receipts from Other Grants	79,644
Receipts from Misc. Sources	146,106
Payments to Vendors and Suppliers	(846,184)
Payments to Employees	(278,113)
Payment of Employee Benefits	(252,158)
Payments for Utilities	(293,344)
Net Cash Used by Operating Activities	(240,653)
Cash Flow From Capital and Related Financing Activities	
Receipts from Capital Grants	72,952
Acquisitions and Construction of Capital Assets	(470,714)
(Decrease) in Accrued Compensated Absences	(4,325)
Change in Accrued Pension and OPEB Liabilities	153,481
Net Effect of Deferred Inflows and Outflows	(39,372)
Net Cash Used by Capital and Related Financing Activities	(287,978)
Cash Flow From Investing Activities	
Interest Income	3,716
(Increase) in Investments	(929)
Net Cash Provided by Investing Activities	2,787
Net Decrease in Cash and Cash Equivalents	(525,844)
Beginning Cash	1,256,219
Ending Cash	\$ 730,375
<u>Reconciliation of Cash Balances:</u>	
Cash and Cash Equivalents - Unrestricted	\$ 683,389
Tenant Security Deposits	46,986
Total Ending Cash	\$ 730,375

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, 2017

	<u>2017</u>
Reconciliation of Operating Income to Net Cash	
(Used) by Operating Activities	
Excess of Expenses Over Revenue	\$ (392,941)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:	
Depreciation Expense	146,162
(Increase) Decrease in:	
Accounts Receivables	(13,805)
Prepaid Expenses	23,840
Increase (Decrease) in:	
Accounts Payable	(25,342)
Accrued Liabilities	19,924
Tenant Security Deposit Payable	(350)
Unearned Revenue	1,859
Net Cash Used by Operating Activities	<u><u>\$ (240,653)</u></u>

See accompanying notes to the financial statements

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

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, 2017

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.

The Authority has adopted GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. The Statement establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

In accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, the Authority incorporates FASB and AICPA guidance into GASB authoritative literature.

The Authority adopted Statement No. 68 of the Governmental Accounting Standards Board *"Accounting and Financial Reporting for Pensions."* The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

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, 2017

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 financial statements are prepared in accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

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.

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.

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 CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

Report Presentation - Continued

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

Net Investment in Capital Assets.

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

Restricted.

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

Unrestricted.

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

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

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.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements March 31, 2017

Other accounting policies – Continued

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

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

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

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

11 - 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, 2017

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, 2017

Activities – The programs or activities administered by the Authority were:

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

Public and Indian Housing Program:

Under the Public and Indian 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.

Public Housing 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

Notes to Financial Statements

March 31, 2017

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

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

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

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

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.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

NOTE 3 - PENSION PLAN

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

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

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

On the web:

<http://www.state.nj.us/treasury/pensions/pdf/financial/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 2017 amounted to \$26,383.

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, 2017

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

The Authority has total unrestricted cash, cash equivalents at March 31, 2017 in the amount of \$683,389, restricted cash in the amount of \$46,986, and investments in the amount of \$146,004 which consists of the following:

	March-17
Crest Savings	\$ 875,879
Petty Cash	500
Total Cash, Cash Equivelants, and Investments	<u>\$ 876,379</u>

The Authority has total restricted cash at March 31, 2017 in the amount of \$47,336, which consists of Public and Indian Housing Program tenant security deposits. This amount is held in an interest bearing account at Crest Bank as of March 31, 2017.

Risk Disclosures

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 CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

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

Risk Disclosures -Continued

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, 2017, 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-17</u>
Insured	\$ 250,500
Collateralized held by pledging bank's trust department in the Authority's name	625,879
Total Cash, Cash Equivelants, and Investments	<u>\$ 876,379</u>

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable at March 31, 2017 consisted of the following:

	<u>March-17</u>
Tenants Accounts Receivable - Present	\$ 6,182
Less Allowance for Doubtful Accounts	<u>(1,546)</u>
Net Tenants Accounts Receivable	<u>4,636</u>
Accounts Receivable- Complete Care	20,852
Accounts Receivable- HUD	869
Accounts Receivable - State of New Jersey	<u>15,478</u>
Net Accounts Receivable - Other	<u>37,199</u>
Total Accounts Receivable	<u>\$ 41,835</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, 2017 consisted of the following:

	<u>March-17</u>
Net Book Value - Inventory on Hand	\$ 2,034
Prepaid Insurance Premiums	<u>28,147</u>
Total Prepaid Expenses	<u>\$ 30,181</u>

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

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, 2017 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, 2017.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

NOTE 8 - FIXED ASSETS - CONTINUED

Below is a schedule of changes in fixed assets for the twelve months ending March 31, 2017:

	Balance March-16	Additions	Transfer	Balance March-17
Land and Improvements	\$ 415,252	\$ -	\$ -	\$ 415,252
Buildings & Improvements	5,496,677	-	(280,289)	5,216,388
Furniture & Equipment - Dwelling	475,159	49,764	-	524,923
Furniture & Equipment - Administration	923,725	65,047	-	988,772
Leashold Improvements	3,765,066	282,951	718,576	4,766,593
Construction in Progress	535,845	72,952	(438,287)	170,510
Totals	11,611,724	470,714	-	12,082,438
Accumulated Depreciation	(9,919,882)	(146,162)	-	(10,066,044)
Net Book Value	\$ 1,691,842	\$ 324,552	\$ -	\$ 2,016,394

Below is a schedule of the net book value of the fixed assets for the City of Wildwood Housing Authority as of March 31, 2017:

	March-17
Land and Improvements	\$ 415,252
Buildings & Improvements	1,248,891
Furniture & Equipment - Dwelling	49,999
Furniture & Equipment -	131,742
Leashold Improvements	-
Construction in Progress	170,510
Net Book Value	\$ 2,016,394

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

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	\$ 16,357	\$ -
Changes in Assumptions	182,198	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	33,538	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	68,796	102,036
Contributions Subsequent to the Measurement Date	21,874	-
Total	<u>\$ 322,763</u>	<u>\$ 102,036</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 \$16,357 and \$-0-.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

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 \$182,198 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 \$33,538 and \$-0-.

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 \$68,796 and \$102,036.

NOTE 10- ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position as of March 31, 2017. 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, 2017 consisted of the following:

	<u>March-17</u>
Accounts Payable Vendors	\$ 106,694
Accounts Payable - Other Government	28,764
Total Accounts Payable	<u>\$ 135,458</u>

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

NOTE 11 – ACCOUNTS PAYABLE – OTHER GOVERNMENT

The Authority reported accounts payable other government on its Statement of Net Position as of March 31, 2017 as detailed below:

	March-17
Pilot Payable	\$ 19,617
Congregate Service Program Payable to State	9,147
Total Accounts Payable - Other Government	<u>\$ 28,764</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, 2017 consisted of the following:

P.I.L.O.T Payable March 31, 2016	\$ 22,414
P.I.L.O.T Expense	19,617
Less: Payments	(22,414)
P.I.L.O.T Payable March 31, 2017	<u>\$ 19,617</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, 2017 consisted of the following:

	March-17
Accrued Wages	\$ 11,273
Compensated Absences - Current Portion	2,978
Accrued - Complete Health Care	32,477
Total Accrued Expenses	<u>\$ 46,728</u>

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

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-17
Accumulated Sick Time	\$ 14,746
Accumulated Vacation Time	5,630
Accumulated Compensation for Over Time	7,293
FICA Expense	2,117
Total Accumulated Time	29,786
Less: Current Portion	(2,978)
Total Accrued Compensated Absences	<u>\$ 26,808</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 \$32,477 as of March 31, 2017. 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, 2017

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, 2017 was in the amount of \$2,716 which consisted of prepaid rents for April 2017.

NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Authority as of March 31, 2017 reported accrued pension and OPEB liability amounts as follows:

	March-17
Accrued OPEB Liability	\$ 312,113
Accrued Pension Liability	879,560
Total OPEB and Pension Liability	<u>\$ 1,191,673</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.

Accrued OPEB Liability

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, 2017

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-17
Annual Required Contribution	\$ 68,549
Interest on net OPEB obligation	5,994
Adjustment to annual required contribution	28,443
Annual OPEB cost (expense)	102,986
Contributions made	(21,860)
Increase in net OPEB obligation	81,126
Net OPEB Obligation – beginning of year	230,987
Net OPEB Obligation – end of year	<u>\$ 312,113</u>

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2017 fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
March-14	\$ 34,897	34%	\$ 126,991
March-15	\$ 34,897	34%	\$ 149,863
March-16	\$ 102,147	21%	\$ 230,987
March-17	\$ 102,986	21.2%	\$ 312,113

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, 2017

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, 2017

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 changes 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.

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.

Measurement Date

The net pension liability for fiscal year ending March 31, 2017 is determined at a measurement date of June 30, 2016. The total pension liability as of June 30, 2016 was determined by rolling forward the Plan's total pension liability as of July 1, 2015 to June 30, 2016. The plan fiduciary net position is the market value of plan assets as of June 30, 2016.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED

Net Pension Liability Information

The Authority as of March 31, 2017 reported a net pension liability in the amount of \$879,560 due to the adoption of GASB 68.

The component of the current year net pension liability of the Authority as of June 30, 2016, the last evaluation date, is as follows:

	PERS
Employer Total Pension Liability	\$ 1,469,284
Plan Net Position	(589,724)
Employer Net Pension Liability	<u>\$ 879,560</u>

The Authority allocation percentage is 0.0029697686% as of June 30, 2016.

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.

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, 2016 and 2015 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2016 and 2015, respectively. For this year implementation there was a change in allocation percentage from June 30, 2015 to June 30, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED

Discount Rate -Continued

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 most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension 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, 2016. The capital market assumptions are per Buck's investment consulting practice for 2016.

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, 2016. 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 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).

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 CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED

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 3.98% 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 (2.98% percent) or 1 percentage-point higher (4.98% 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:

	Current		
	1% Decrease (2.98%)	Discount (3.98%)	1% Increase (4.98%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,077,798	\$ 879,560	\$ 715,897

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 CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements March 31, 2017

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions

The total pension liability for June 30, 2016 measurement dates were determined by using an actuarial valuation as of July 1, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. The actuarial valuations used the following actuarial assumptions:

Inflation	3.08%
Salary Increases:	
Through 2026	1.65-4.15%, based on age
Thereafter	2.65-5.15%, based on age
Investment Rate of Return	7.65%

Actuarial Assumptions -Continued

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

The actuarial assumptions used in the July 1, 2015 evaluation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities were higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation - Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100%</u>	

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, 2017	\$	52,254
Year Ending June 30, 2018	\$	52,254
Year Ending June 30, 2019	\$	60,538
Year Ending June 30, 2020	\$	50,861
Year Ending June 30, 2021	\$	16,188

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 pension expense for the period ended March 31, 2017 is \$81,239.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2017

NOTE 18 – UNRESTRICTED

The Authority's Unrestricted Net Position account balance at March 31, 2017 is a negative (\$281,247). The detail of the account balance is as follows:

	LIH Program Reserves	Congregate Service	COCC	Total
Balance March 31, 2016	\$ 281,503	\$ (98,152)	\$ 176,227	\$ 359,578
(Decrease) During the Year	(482,736)	(263)	(157,826)	(640,825)
Balance March 31, 2017	<u>\$ (201,233)</u>	<u>\$ (98,415)</u>	<u>\$ 18,401</u>	<u>\$ (281,247)</u>

The Authority unrestricted net position reflects a negative (\$281,247) balance, as of March 31, 2017, because of the requirement to adopt GASB #45 (OPEB) and GASB #68 pension liability. The Authority recorded OPEB liability to date of \$312,113 which has a direct effect on the reserves. The Authority recorded an accrued pension liability to date of \$879,560 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, 2017, 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.

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, 2017 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, 2017 was in the amount of \$618,569.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements March 31, 2017

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 \$729,383 to the Authority which represents approximately 49% percent of the Authority's total revenue for the fiscal year March 31, 2017.

NOTE 22 - CONTINGENCIES

Litigation – At March 31, 2017, 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.

NOTE 23 - 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 November 13, 2017; 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, 2017**

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>							
NJ080-00000116D	14.850	1/1/2016	12/31/2016	\$ 286,618	\$ 217,920	\$ 217,920	\$ 286,618
NJ080-00000117D	14.850	1/1/2017	12/31/2017	233,825	65,692	65,692	65,692
NJ080-00000216D	14.850	1/1/2016	12/31/2016	346,815	256,624	256,624	346,815
NJ080-00000217D	14.850	1/1/2017	12/31/2017	281,553	78,333	78,333	78,333
Grant Subtotal				1,148,811	618,569	618,569	777,458
<u>Public Housing Capital Fund Program</u>							
NJ39P080501-14	14.872	5/13/2014	5/12/2018	181,161	29,254	29,254	181,161
NJ39P080501-16	14.872	5/13/2016	5/12/2020	184,267	81,560	81,560	81,660
Grant Subtotal				365,428	110,814	110,814	262,821
Total Awards				\$ 1,514,239	\$ 729,383	\$ 729,383	\$ 1,040,279

**THE CITY OF WILDWOOD HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2017**

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, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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, 2017.

Note 4. Non- Cash Federal Assistance:

The Authority did not receive any non-cash Federal assistance for the year ended March 31, 2017.

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, 2017

EQUIRED SUPPLEMENTAL INFORMATION

ASB 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.

	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.01177889%	0.00359589%	0.00344790%
Housing Authority's proportionate share of the net pension liability	\$ 879,560	\$ 807,205	\$ 645,541
Housing Authority's covered employee payroll	\$ 276,113	\$ 285,888	\$ 309,936
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	318.55%	282.35%	208.28%
Plan fiduciary net position as a percentage of the total pension liability	59.86%	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, 2017

EQUIRED SUPPLEMENTAL INFORMATION - CONTINUED

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

	2017	2016	2015
Contractually required contribution	\$ 26,383	\$ 30,915	\$ 28,424
Contribution in relation to the contractually required contribution	(26,383)	(30,915)	(28,424)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 276,113	\$ 285,888	\$ 309,936
Contribution as a percentage of covered employee payroll	9.56%	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, 2017

	NJ39PO80501-11		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 10,000	\$ 10,000	\$ -
Management Improvements	18,000	18,000	-
Administration	4,000	4,000	-
Audit Costs	3,000	3,000	-
Fees & Costs	8,000	8,000	-
Dwelling Structures	116,726	116,726	-
Dwelling Equipment	6,000	6,000	-
Non-Dwelling Equipment	28,000	28,000	-
Total	<u>\$ 193,726</u>	<u>\$ 193,726</u>	<u>\$ -</u>
Funds Advanced	\$ 193,726		
Funds Expended	193,726		
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 501-11 was completed on March 16, 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/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	2 State/Local	COC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$610,421	\$56,629	\$16,339	\$683,389		\$683,389
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted						
114 Cash - Tenant Security Deposits	\$46,986			\$46,986		\$46,986
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$657,407	\$56,629	\$16,339	\$730,375	\$0	\$730,375
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$869			\$869		\$869
124 Accounts Receivable - Other Government		\$15,478		\$15,478		\$15,478
125 Accounts Receivable - Miscellaneous	\$0		\$20,852	\$20,852		\$20,852
126 Accounts Receivable - Tenants	\$6,182			\$6,182		\$6,182
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,546			-\$1,546		-\$1,546
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,505	\$15,478	\$20,852	\$41,835	\$0	\$41,835
131 Investments - Unrestricted						
132 Investments - Restricted	\$131,513		\$14,491	\$146,004		\$146,004
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$23,176		\$4,971	\$28,147		\$28,147
143 Inventories	\$2,226			\$2,226		\$2,226
143.1 Allowance for Obsolete Inventories	-\$192			-\$192		-\$192
144 Inter Program Due From			\$104,324	\$104,324	-\$104,324	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$819,635	\$72,107	\$160,977	\$1,052,719	-\$104,324	\$948,395

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)
WILDWOOD, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
161 Land	\$415,252			\$415,252		\$415,252
162 Buildings	\$4,852,123		\$364,265	\$5,216,388		\$5,216,388
163 Furniture, Equipment & Machinery - Dwellings	\$524,923			\$524,923		\$524,923
164 Furniture, Equipment & Machinery - Administration	\$873,274	\$9,958	\$105,540	\$988,772		\$988,772
165 Leasehold Improvements	\$4,766,593			\$4,766,593		\$4,766,593
166 Accumulated Depreciation	-\$9,734,284	-\$3,099	-\$328,661	-\$10,066,044		-\$10,066,044
167 Construction in Progress	\$170,510			\$170,510		\$170,510
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,868,391	\$6,859	\$141,144	\$2,016,394	\$0	\$2,016,394
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	\$1,868,391	\$6,859	\$141,144	\$2,016,394	\$0	\$2,016,394
200 Deferred Outflow of Resources	\$264,070		\$58,693	\$322,763		\$322,763
290 Total Assets and Deferred Outflow of Resources	\$2,952,096	\$78,966	\$360,814	\$3,391,876	-\$104,324	\$3,287,552
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$36,930	\$57,051	\$12,713	\$106,694		\$106,694
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$10,146		\$1,127	\$11,273		\$11,273
322 Accrued Compensated Absences - Current Portion	\$1,444		\$1,534	\$2,978		\$2,978
324 Accrued Contingency Liability						
325 Accrued Interest Payable						

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)
WILDWOOD, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$19,617	\$9,147		\$28,764		\$28,764
341 Tenant Security Deposits	\$46,986			\$46,986		\$46,986
342 Unearned Revenue	\$2,716			\$2,716		\$2,716
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	\$32,477			\$32,477		\$32,477
347 Inter Program - Due To		\$104,324		\$104,324	-\$104,324	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$150,316	\$170,522	\$15,374	\$336,212	-\$104,324	\$231,888
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	\$13,005		\$13,803	\$26,808		\$26,808
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$1,032,067		\$159,606	\$1,191,673		\$1,191,673
350 Total Non-Current Liabilities	\$1,045,072	\$0	\$173,409	\$1,218,481	\$0	\$1,218,481
300 Total Liabilities	\$1,195,388	\$170,522	\$188,783	\$1,554,693	-\$104,324	\$1,450,369
400 Deferred Inflow of Resources	\$89,550		\$12,486	\$102,036		\$102,036
508.4 Net Investment in Capital Assets	\$1,868,391	\$6,859	\$141,144	\$2,016,394		\$2,016,394

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)
WILDWOOD, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
511.4 Restricted Net Position						
512.4 Unrestricted Net Position	-\$201,233	-\$98,415	\$18,401	-\$281,247		-\$281,247
513 Total Equity - Net Assets / Position	\$1,667,158	-\$91,556	\$159,545	\$1,735,147	\$0	\$1,735,147
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,952,096	\$78,966	\$360,814	\$3,391,876	-\$104,324	\$3,287,552

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)
WILDWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$549,521			\$549,521		\$549,521
70400 Tenant Revenue - Other						
70500 Total Tenant Revenue	\$549,521	\$0	\$0	\$549,521	\$0	\$549,521
70600 HUD PHA Operating Grants	\$656,431			\$656,431		\$656,431
70610 Capital Grants	\$72,952			\$72,952		\$72,952
70710 Management Fee			\$135,024	\$135,024	-\$135,024	\$0
70720 Asset Management Fee			\$20,400	\$20,400	-\$20,400	\$0
70730 Book Keeping Fee			\$15,045	\$15,045	-\$15,045	\$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue			\$170,469	\$170,469	-\$170,469	\$0
70800 Other Government Grants		\$74,543		\$74,543		\$74,543
71100 Investment Income - Unrestricted	\$3,453	\$262	\$1	\$3,716		\$3,716
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$146,106			\$146,106		\$146,106
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,428,463	\$74,805	\$170,470	\$1,673,738	-\$170,469	\$1,503,269
91100 Administrative Salaries	\$85,608		\$27,972	\$113,580		\$113,580
91200 Auditing Fees	\$6,666		\$3,333	\$9,999		\$9,999
91300 Management Fee	\$135,024			\$135,024	-\$135,024	\$0
91310 Book-keeping Fee	\$15,045			\$15,045	-\$15,045	\$0
91400 Advertising and Marketing						

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)
WILDWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
91500 Employee Benefit contributions - Administrative	\$90,509		\$32,694	\$123,203		\$123,203
91600 Office Expenses	\$30,238		\$22,173	\$52,411		\$52,411
91700 Legal Expense	\$15,150		\$7,116	\$22,266		\$22,266
91800 Travel			\$9,430	\$9,430		\$9,430
91810 Allocated Overhead						
91900 Other	\$102,067	\$75,068	\$65,632	\$242,767		\$242,767
91000 Total Operating - Administrative	\$480,307	\$75,068	\$168,350	\$723,725	-\$150,069	\$573,656
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	\$18,291			\$18,291		\$18,291
92500 Total Tenant Services	\$18,291	\$0	\$0	\$18,291	\$0	\$18,291
93100 Water	\$27,877		\$345	\$28,222		\$28,222
93200 Electricity	\$166,973			\$166,973		\$166,973
93300 Gas	\$18,883		\$847	\$19,730		\$19,730
93400 Fuel						
93500 Labor						
93600 Sewer	\$45,749			\$45,749		\$45,749
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense	\$32,670			\$32,670		\$32,670
93000 Total Utilities	\$292,152	\$0	\$1,192	\$293,344	\$0	\$293,344
94100 Ordinary Maintenance and Operations - Labor	\$122,430			\$122,430		\$122,430
94200 Ordinary Maintenance and Operations - Materials and Other	\$111,784		\$2,569	\$114,353		\$114,353
94300 Ordinary Maintenance and Operations Contracts	\$265,427		\$1,340	\$266,767		\$266,767

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)
WILDWOOD, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
94500 Employee Benefit Contributions - Ordinary Maintenance	\$128,955			\$128,955		\$128,955
94000 Total Maintenance	\$628,596	\$0	\$3,909	\$632,505	\$0	\$632,505
95100 Protective Services - Labor	\$42,103			\$42,103		\$42,103
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$42,103	\$0	\$0	\$42,103	\$0	\$42,103
96110 Property Insurance						
96120 Liability Insurance						
96130 Workmen's Compensation						
96140 All Other Insurance	\$82,504		\$10,616	\$93,120		\$93,120
96100 Total Insurance Premiums	\$82,504	\$0	\$10,616	\$93,120	\$0	\$93,120
96200 Other General Expenses						
96210 Compensated Absences						
96300 Payments in Lieu of Taxes	\$19,617			\$19,617		\$19,617
96400 Bad debt - Tenant Rents	\$744			\$744		\$744
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$20,361	\$0	\$0	\$20,361	\$0	\$20,361
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

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)
WILDWOOD, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$1,584,714	\$75,068	\$184,067	\$1,843,849	-\$170,469	\$1,673,380
97000 Excess of Operating Revenue over Operating Expenses	-\$156,251	-\$263	-\$13,597	-\$170,111	\$0	-\$170,111
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$142,081	\$996	\$3,085	\$146,162		\$146,162
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$1,726,795	\$76,064	\$187,152	\$1,990,011	-\$170,469	\$1,819,542
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

See accompanying notes to the financial statements

Wildwood Housing Authority (NJ080)
WILDWOOD, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under)						
Total Expenses	-\$298,332	-\$1,259	-\$16,682	-\$316,273	\$0	-\$316,273
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,965,490	-\$90,297	\$176,227	\$2,051,420		\$2,051,420
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors						
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	2040	0	0	2040		2040
11210 Number of Unit Months Leased	2006	0	0	2006		2006
11270 Excess Cash	\$515,206			\$515,206		\$515,206
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	\$72,952		\$0	\$72,952		\$72,952
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

See accompanying notes to the financial statements



**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, 2017, 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 November 13, 2017.

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: November 13, 2017

Prior Audit Findings
None reported

Summary of Auditor's Results
1. The auditor's report expresses an unmodified opinion on the financial statement of The City of Wildwood Housing Authority.

2. No significant deficiencies relating to the audit of the financial statements are reported in the INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.

3. No instances of noncompliance material to the financial statements of The City of Wildwood Housing Authority were disclosed during the audit.

4. The City of Wildwood Housing Authority qualified as a low risk Auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT
None reported

Hymanson, Parnes & Giampaolo Certified Public Accountants

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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. 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 on the financial statements of The City of Wildwood Housing Authority as of and for the year ended March 31, 2017, and have issued our reports thereon dated November 13, 2017. 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, 2017, was expressed in relation to the basic financial statements of The City of Wildwood Housing Authority taken as a whole.

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

This report is intended solely for the information and use of The City of Wildwood Housing Authority and the U.S. Department of Housing and Urban Development, 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
November 13, 2017

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 CPDAs	<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	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"/>					