

**HOUSING AUTHORITY OF THE CITY OF VINELAND**

**REPORT OF AUDIT**

**FOR THE YEARS ENDED**

**SEPTEMBER 30, 2010 AND 2009**



**VINELAND HOUSING AUTHORITY****Table of Contents****September 30, 2010 and 2009**

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**HOUSING AUTHORITY OF THE CITY OF VINELAND**

**PART I - FINANCIAL SECTION**

**FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

## **INDEPENDENT AUDITORS' REPORT**

Board of Commissioners

Housing Authority of the City of Vineland

We have audited the accompanying statements of net assets of the Housing Authority of the City of Vineland (the "Authority"), and its blended component unit, Vineland Housing Development Corporation as of September 30, 2010 and 2009, and the related statements of revenue, expenses, and changes in net assets, and cash flows, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

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 and in compliance with audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Vineland Housing Development Corporation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2010 and 2009, and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2011 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, as referenced in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the

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Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying Financial Data Schedule and other supplementary information were prepared for the purpose of additional analysis and are not a required part of the financial statements but are required by the U.S. Department of Housing and Urban Development. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Woodbury, New Jersey  
June 17, 2011

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Vineland Housing Authority

We have audited the financial statements of the Vineland Housing Authority, as of and for the year ended September 30, 2010, and have issued our report dated June 17, 2011. 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 and in compliance with audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey. The component unit, Vineland Housing Development Corporation, issues its own audited financial statements which are not audited in accordance with Government Auditing Standards. Accordingly, this report does not extend to the blended component unit.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

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We noted certain matters that we reported to management of the Vineland Housing Authority, in a separate letter dated June 17, 2011.

This report is intended solely for the information and use of the audit committee and management of the Vineland Housing Authority, New Jersey; the U.S. Department of Housing and Urban Development; the Local Finance Board, Department of Community Affairs, State of New Jersey, and other governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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

Woodbury, New Jersey  
June 17, 2011

## **Housing Authority of the City of Vineland**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

**September 30, 2010**

As management of the Vineland Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which includes its blended component unit, Vineland Housing Development Corporation.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities as of September 30, 2010 by \$22,929,339 (net assets).
- The Authority had intergovernmental revenues of \$4,588,826 in operating grants and \$928,176 of capital grants for the year ended September 30, 2010.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

- Statements of Net Assets - reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statements of Revenue, Expenses and Changes in Net Assets - reports the Authority's operating and nonoperating revenue, by major sources, along with operating and nonoperating expenses and capital contributions.
- Statements of Cash Flows - reports the Authority's net cash from operating, investing, and capital and related financial activities.

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

Current assets decreased by \$167,723 in 2010 primarily due to the decrease in receivables from HUD and by \$792,646 in 2009 primarily due to increased maintenance expense to improve properties for marketability purposes, increase in employee health benefits and investment income reduced earnings.

Restricted assets increased in 2010 from the prior year in the amount of \$42,425 due to Section 8 revenues exceeding expenses and decreased in 2009 from the prior year in the amount of \$140,624 primarily due to FSS program security deposits closed and section 8 HAP expense increases.

Property and Equipment decreased in 2010 by \$317,811 due to capital improvements and equipment purchases of \$1,059,397 which is offset by depreciation of \$1,377,208 and increased in 2009 by \$302,394 due to capital improvements and equipment purchases of \$1,814,050 and was offset by depreciation of \$1,507,449.

Current liabilities decreased in 2010 by \$83,387 primarily due to a decrease in accounts payable and increased in 2009 by \$174,460 due to an increase in accounts payable of \$101,598, an increase in accrued expenses and other liabilities of \$128,356 and a decrease in FSS security deposits of \$55,492.

Noncurrent liabilities increased in 2010 by \$210,538 due to the accrual for post retirement benefits of \$366,355 and the increase in long-term accrued compensated absences of \$29,183 which was offset by a bond payment of \$180,000 and increased in 2009 by \$170,419 due to the accrual for post retirement benefits of \$366,355 which was offset by a bond payment of \$170,000, the decrease in long-term accrued compensated absences of \$15,936.



**Housing Authority of the City of Vineland**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**

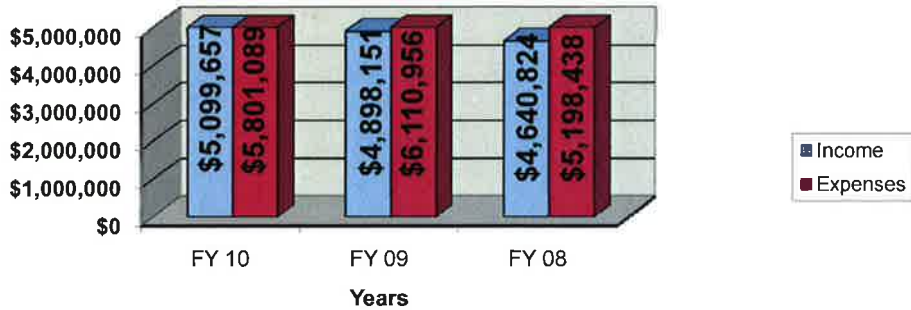
September 30, 2010

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

The following chart illustrates the income and expenses for the Low-Income Public Housing Program:

**LOW INCOME PUBLIC HOUSING**

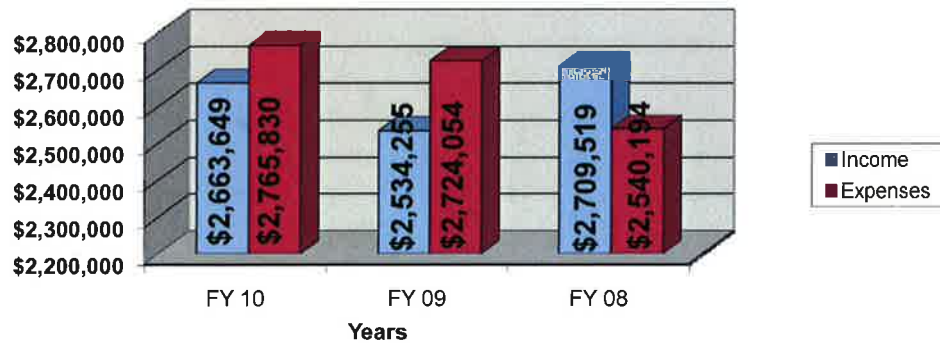
**Changes in Income and Expenses FY 10, FY 09 & FY 08**



The following chart illustrates the income and expenses for the Housing Choice Voucher Program.

**HOUSING CHOICE VOUCHER PROGRAM**

**Changes in Income and Expenses FY 10, FY 09 & FY 08**

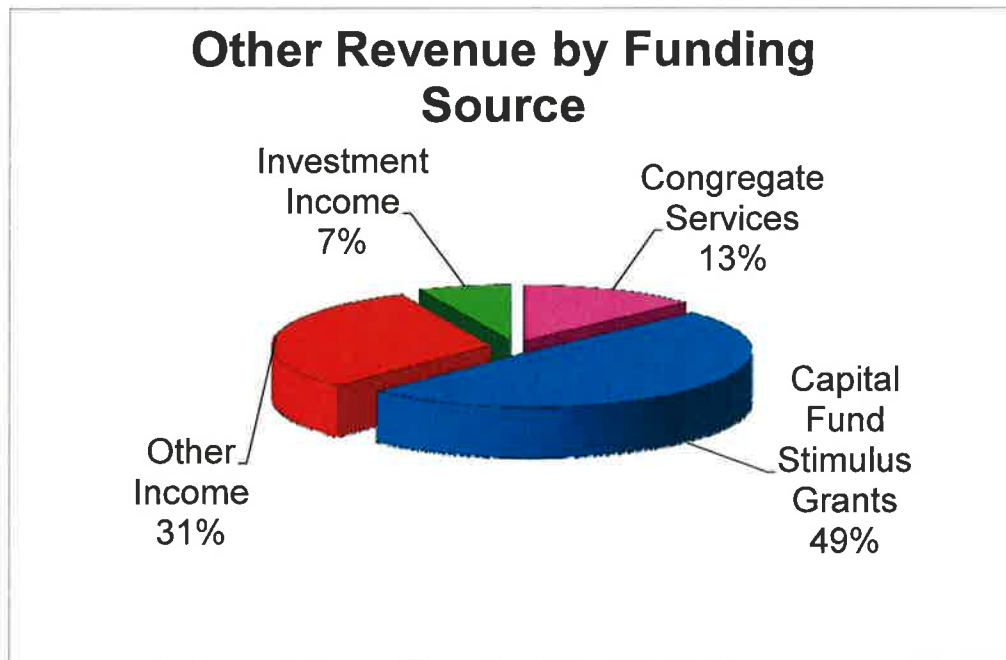


**Housing Authority of the City of Vineland**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**

September 30, 2010

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

The following chart illustrates the income and expenses for other revenue sources:



The federal grants decreased in 2010 from the prior year in the amount of \$364,697 and increased in 2009 by \$729,821, due primarily to the majority of the Capital Fund Stimulus Grant being spent in 2009 (\$794,448) which was utilized to renovation bathrooms at Tarkiln Acres.

Other Government Grants decreased in 2010 by \$13,578 due to a decrease in funding by the State of NJ the Congregate services program and by \$21,195 in 2009 due to the reclassification of income into other revenue.

Tenant revenue increased in 2010 from the prior year in the amount of \$175,830 and by \$38,267 in 2009 as a result of an increase in tenant earned income which is utilized to calculate the tenant's rent.

Management contract fees increased in 2010 by \$38,897 and by \$16,828 in 2009 due to additional contracts to provide services to third parties.

Other Revenues increased in 2010 in the amount of \$68,797 due to additional tower rental contracts during the year, changes in miscellaneous revenues, such as late fees, sale of assets, snow removal and fraud recovery and decreased in 2009 in the amount of \$22,839 due to the reclassification of income and additional revenue from contracted services.

Investment income decreased in 2010 from the prior year in the amount of \$27,709, due primarily to a less favorable interest rate than in the past and a reduction in the amount invested and decreased in 2009 by \$201,490 due to the liquidation of a large certificate of deposit as well as less favorable interest rates.

Comparatively, 2010 revenue is less than 2009 by \$122,460 primarily due to a decrease in federal awards, but increased in 2009 from 2008 by \$539,392 primarily due to the increase in federal awards.

**Housing Authority of the City of Vineland**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**

**September 30, 2010**

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

Administrative expenses decreased in 2010 from the prior year in the amount of \$145,462 primarily as a result of the retirement of employees who was not replaced and conservative spending and increased in 2009 from the prior year in the amount of \$489,640 primarily as a result of increases in employee benefit costs of \$87,030 and the provision for post retirement benefits of \$366,355.

Tenant services decreased in 2010 from the prior year by \$46,913 and by \$21,004 in 2009 due to a change in employees from full-time with benefits to part-time employees with no benefits.

Utilities decreased in 2010 from the prior year in the amount of \$64,737 and increased in 2009 by \$12,672, due primarily to the change in accounting method for accruals of utilities expenses.

Ordinary maintenance and operation expenses decreased in 2010 from the prior year in the amount of \$190,586 and increased from the prior year in the amount of \$467,172 due primarily to the deferred maintenance that was performed on the scattered sites and other projects in 2009 was not required in 2010 and 2008.

General expenses increased in 2010 from the prior year in the amount of \$49,089 primarily due to the increase in compensated absences of \$45,735 and increased by \$46,007 in 2009 primarily due to the increase in inventory allowance of \$29,867 and bond administrative fees of \$8,901.

Housing assistance payments increased in 2010 from the prior year in the amount of \$17,947 and by \$145,877 in 2009 as a result of more units being leased under the Section 8 Program.

Depreciation expense decreased in 2010 from the prior year in the amount of \$130,241 and in 2009 by \$73,095 as a result of more capital assets being fully depreciated.

# Housing Authority of the City of Vineland

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

September 30, 2010

### STATEMENTS OF NET ASSETS

	2010	2009	2008
Current Assets	\$ 6,453,711	\$ 6,621,434	\$ 7,414,010
Restricted Assets	697,170	654,745	795,439
Property and equipment, net	21,516,951	21,834,762	21,532,368
<b>TOTAL ASSETS</b>	<b>28,667,832</b>	<b>29,110,941</b>	<b>29,741,817</b>
Current Liabilities	1,052,832	1,136,219	961,759
Noncurrent Liabilities	4,685,661	4,475,123	4,304,704
<b>TOTAL LIABILITIES</b>	<b>5,738,493</b>	<b>5,611,342</b>	<b>5,266,463</b>
Invested in Capital Assets, Net of Debt	17,531,951	17,669,762	17,197,368
Restricted Net Assets	520,595	485,560	4,556,787
Unrestricted Net Assets	4,876,793	5,344,277	2,721,199
<b>TOTAL NET ASSETS</b>	<b>\$ 22,929,339</b>	<b>\$ 23,499,599</b>	<b>\$ 24,475,354</b>

### STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS

	2010	2009	2008
<b>REVENUES:</b>			
Federal grant awards	\$ 5,517,001	\$ 5,881,698	\$ 5,151,877
State and local grant awards	73,729	87,307	108,502
Tenant charges	2,385,711	2,209,881	2,171,614
Management contract fees	236,011	197,114	180,286
Investment income	52,097	79,806	281,296
Other income	272,092	203,295	226,134
<b>TOTAL REVENUES</b>	<b>8,536,641</b>	<b>8,659,101</b>	<b>8,119,709</b>
<b>EXPENSES:</b>			
Administrative	2,036,725	2,182,187	1,692,547
Tenant services	198,944	245,857	266,861
Utilities	1,128,018	1,192,755	1,180,083
Housing assistance payments	2,383,765	2,365,818	2,219,941
Ordinary maintenance and operation	1,335,049	1,525,635	1,058,463
Protective services	69,629	66,992	66,378
General expenses	219,252	170,163	124,156
Depreciation expense	1,377,208	1,507,449	1,580,544
Insurance	182,072	196,256	208,781
Interest	176,239	181,744	186,551
<b>TOTAL EXPENSES</b>	<b>9,106,901</b>	<b>9,634,856</b>	<b>8,584,305</b>
<b>DECREASE IN NET ASSETS</b>	<b>(570,260)</b>	<b>(975,755)</b>	<b>(464,596)</b>
<b>NET ASSETS, BEGINNING</b>	<b>23,499,599</b>	<b>24,475,354</b>	<b>24,939,950</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 22,929,339</b>	<b>\$ 23,499,599</b>	<b>\$ 24,475,354</b>

## Housing Authority of the City of Vineland

### MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

September 30, 2010

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### *Capital Assets:*

The following table summarizes the changes in capital assets between September 30, 2010, 2009 and 2008:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Land	3,597,705	3,597,705	3,597,705
Building	41,377,139	40,558,857	38,608,604
Leasehold Improvements	-	-	4,880
Equipment	2,830,196	2,791,095	3,035,050
Construction-in-progress	<u>438,173</u>	<u>241,773</u>	<u>237,622</u>
Total	48,243,213	47,189,430	45,483,861
Accumulated Depreciation	<u>26,726,262</u>	<u>25,354,668</u>	<u>23,951,493</u>
Net Capital Assets	<u>21,516,951</u>	<u>21,834,762</u>	<u>21,532,368</u>

Significant capital asset events in the current year are related to capital fund improvements at the Authority sites based on the Authority spending the proceeds from the capital leveraging program revenue bonds Series 2004A.

##### *Debt:*

As of September 30, 2010, the Authority had \$3,985,000 in outstanding bond debt from the capital leveraging program.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2010.

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wages rates;
- Local inflationary, recession and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, supplies, interest rates and other costs;

#### **CONTRACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Vineland Housing Authority, 191 W. Chestnut Avenue, Vineland, NJ 08360-5499, 856-691-4099.

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Statements of Net Assets**  
**September 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 5,735,246	\$ 5,824,005
Accounts receivable, net of allowance for doubtful accounts of \$13,399 in 2010 and \$276 in 2009	16,208	13,678
Due from HUD	336,391	617,281
Due from other governments	83,501	41,088
Due from Vineland Housing Solutions LLC	97,313	-
Other receivables	75,888	31,161
Prepaid expenses	106,125	62,445
Inventory	3,039	31,776
Total current assets	<u>6,453,711</u>	<u>6,621,434</u>
Restricted assets		
Cash and cash equivalents	<u>697,170</u>	<u>654,745</u>
Property and equipment, net	<u>21,516,951</u>	<u>21,834,762</u>
	<u>\$ 28,667,832</u>	<u>\$ 29,110,941</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 422,886	\$ 551,041
Current portion of liability for compensated absences	51,311	41,520
Tenant funds on deposit	176,575	169,185
Due to other governments	125,499	101,963
Deferred revenue	18,947	17,496
Current portion of long-term debt	185,000	180,000
Accrued interest payable	72,614	75,014
Total current liabilities	<u>1,052,832</u>	<u>1,136,219</u>
Long-term liabilities		
Long-term debt, net of current portion	3,800,000	3,985,000
Liability for compensated absences, net of current portion	152,951	123,768
Other post-retirement benefits	732,710	366,355
Total long-term liabilities	<u>4,685,661</u>	<u>4,475,123</u>
Total liabilities	<u>5,738,493</u>	<u>5,611,342</u>
Net assets		
Invested in capital assets, net of related debt	17,531,951	17,669,762
Restricted	520,595	485,560
Unrestricted	4,876,793	5,344,277
Total net assets	<u>22,929,339</u>	<u>23,499,599</u>
	<u>\$ 28,667,832</u>	<u>\$ 29,110,941</u>

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

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**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Statements of Revenue, Expenses, and Changes in Net Assets**  
**For the Years Ended September 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Operating revenue		
Federal grant awards	\$ 5,517,001	\$ 5,881,698
State and local grant awards	73,729	87,307
Tenant charges	2,385,711	2,209,881
Management contract fees	236,011	197,114
Other income	<u>171,216</u>	<u>161,709</u>
Total operating revenue	<u>8,383,668</u>	<u>8,537,709</u>
Operating expenses		
Administration	2,036,725	2,182,187
Tenant services	198,944	245,857
Utilities	1,128,018	1,192,755
Housing assistance payments	2,383,765	2,365,818
Ordinary maintenance and operation	1,335,049	1,525,635
Protective services	69,629	66,992
General expenses	219,252	170,163
Depreciation expense	1,377,208	1,507,449
Insurance	<u>182,072</u>	<u>196,256</u>
Total operating expenses	<u>8,930,662</u>	<u>9,453,112</u>
Operating loss	<u>(546,994)</u>	<u>(915,403)</u>
Non-operating revenue (expenses):		
Investment income	52,097	79,806
Interest expense	(176,239)	(181,744)
Tower rental income	<u>100,876</u>	<u>41,586</u>
Net non-operating expenses	<u>(23,266)</u>	<u>(60,352)</u>
Decrease in net assets	<u>(570,260)</u>	<u>(975,755)</u>
Net assets at the beginning of the year	<u>23,499,599</u>	<u>24,475,354</u>
Net assets at the end of the year	<u>\$ 22,929,339</u>	<u>\$ 23,499,599</u>

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

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Cash received from federal and state assistance programs	\$ 5,856,789	\$ 5,682,460
Cash received from tenants	2,392,022	2,166,758
Cash received from management contracts	208,429	182,850
Other operating cash receipts	171,216	161,710
Payments for goods and services	(3,874,302)	(3,128,126)
Payments to employees and for benefits	(1,151,660)	(1,896,471)
Payments to landlords for rent	(2,383,765)	(2,365,818)
Net cash provided by operating activities	<u>1,218,729</u>	<u>803,363</u>
Cash flows from non-capital financing activities		
Tower rental income	<u>100,876</u>	<u>41,586</u>
Net cash provided by non-capital financing activities	<u>100,876</u>	<u>41,586</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(1,059,397)	(1,814,050)
Principal payments on long-term debt	(180,000)	(170,000)
Interest payments on long-term debt	(178,639)	(183,816)
Net cash used in capital and related financing activities	<u>(1,418,036)</u>	<u>(2,167,866)</u>
Cash flows from investing activities		
Proceeds from sale of investments		4,903,402
Interest income received	<u>52,097</u>	<u>124,201</u>
Net cash provided by investing activities	<u>52,097</u>	<u>5,027,603</u>
Increase (decrease) in cash and cash equivalents	(46,334)	3,704,686
Cash and cash equivalents, beginning of year	<u>6,478,750</u>	<u>2,774,064</u>
Cash and cash equivalents, end of year	<u>\$ 6,432,416</u>	<u>\$ 6,478,750</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (546,994)	\$ (915,403)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	1,377,208	1,507,449
(Increase) decrease in assets		
Accounts receivable, net of allowance for doubtful accounts	(2,530)	789
Due from HUD	280,890	(289,590)
Due from other governments	(42,413)	(11,218)
Due from Vineland Housing Solutions LLC	(97,313)	-
Other receivables	(44,727)	(31,161)
Prepaid expenses	(43,680)	(4,648)
Inventory	28,737	30,194
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(128,155)	203,822
Deferred revenue	1,451	7,283
Due to other governments	23,536	3,731
Other post-retirement benefits	366,355	366,355
Liability for compensated absences	38,974	(21,282)
Tenant funds on deposit	7,390	(42,958)
Net cash provided by operating activities	<u>\$ 1,218,729</u>	<u>\$ 803,363</u>
Reconciliation of cash and cash equivalents to the statement of net assets		
Cash and cash equivalents - unrestricted	\$ 5,735,246	\$ 5,824,005
Cash and cash equivalents - restricted	<u>697,170</u>	<u>654,745</u>
	<u>\$ 6,432,416</u>	<u>\$ 6,478,750</u>

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



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

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**Note 1: ORGANIZATION AND ACTIVITY**

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

Based upon the criteria described in GASB No. 14, as amended by GASB No. 39, the Authority considers Vineland Housing Development Corporation (VHDC) to be a component unit. VHDC is a separate entity from the Housing Authority of the City of Vineland but is related by common management. VHDC is a blended component unit which is included in the financial statements of the Authority. VHDC is a nonprofit entity incorporated June 8, 1999 and works in conjunction with the Housing Authority of the City of Vineland and the City of Vineland in an effort to create and increase affordable housing units within the city limits of Vineland, New Jersey. VHDC has a management agreement with the Housing Authority of the City of Vineland to manage the construction of several homeownership units. The component unit's fiscal year covers the period June 30, 2010 and 2009. The financial statements of the individual component unit may be obtained by writing to the Authority's Executive Director at 191 W. Chestnut Avenue, Vineland, NJ 08360-5499. The purpose of VHDC is to provide affordable housing to the needy and for other charitable purposes permitted by N.J.S.A. 15A:2-(1) and the Internal Revenue Code Section 501 (c)(3).

As of September 30, 2010, the activities of the Authority included the ownership and/or management or oversight management of the following housing projects in Vineland, New Jersey:

The Housing Assistance Payments Programs includes the Housing Choice Voucher program. This program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for extremely low and very low income families as defined by the Housing Act of 1998, at rents that they can afford. The U.S. Department of Housing and Urban Development ("HUD") provides assistance for approximately 347 housing units to the Authority.

The Public Housing Program consists of 600 rental units constructed or purchased and operated by the Authority. The purpose of this program is to provide decent, safe, and sanitary housing to eligible low-income families and the elderly at rents they can afford. HUD provides assistance to the Authority in the form of operating subsidies.

The Congregate Services Program is a federal and state-funded program that provides nutrition, housekeeping, and certain other services to tenants residing in the Authority's owned or managed housing projects for the elderly and disabled.

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

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

The financial statements of the Housing Authority of the City of Vineland have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority and its component unit apply authoritative U.S. accounting and reporting standards for nongovernmental entities issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently. The more significant of the Authority's accounting policies are described below.

Reporting entity

As required by generally accepted accounting principles, the financial statements present the Authority (the primary government) and its component unit. The primary government includes the accounts of all Authority operations. The component unit is included in the Authority's reporting entity because of the significance of their operational or financial relationships with the Authority.

The Authority is a component unit of the City of Vineland. The Council of the City of Vineland appoints six out of seven commissioners.

Basis of accounting

The financial statements of the Authority have been prepared under the accrual basis of accounting in order to recognize the flow of economic resources. Revenue is recognized when earned and expenses are recognized when a liability is incurred. The activities of the Authority are accounted for in an enterprise fund, used to account for governmental operations that are financed and operated in a manner similar to provide business enterprises. Enterprise fund accounting is used when the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate.

Revenue

The major sources of revenue are various subsidies from the U.S. Department of Housing and Urban Development, federal awards, management contract revenue, charges to tenants, and other miscellaneous revenue as discussed below.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

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

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

Federal and state grant revenue - Operating subsidies, Section 8 housing assistance payments, and Capital Fund program revenue received from the U.S. Department of Housing and Urban Development are susceptible to accrual and are recognized during the fiscal year earned in accordance with applicable HUD program guidelines. The Authority is generally entitled to receive monies under an established payment schedule or, for the Capital Fund program, as expenditures are made. Advance payments received for the subsequent fiscal year are recorded as deferred revenue.

State financial assistance applicable to the Congregate Services Program is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Management contract fees - The Authority provides property management and administrative services to certain outside parties providing affordable housing. Management fees for these services are determined as prescribed in the individual management contracts. Revenue from these contracts is recognized on an accrual basis.

Tenant charges - Tenant charges consist of rental income and fees for nutrition, housekeeping, and certain other services. Charges are determined and billed monthly and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Amounts not received by year-end are considered to be accounts receivable, and amounts paid for the subsequent fiscal year are recorded as deferred revenue.

Other income - Miscellaneous income is composed primarily of miscellaneous service fees. This revenue is recorded as earned since it is measurable and available.

Budgets and budgetary control

The Authority prepares an annual budget as required by N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The Authority's budget includes all operations of the Authority, exclusive of its component unit. Planned Capital Fund expenditures are included in a capital budget, which is part of the annual budget. The original budget and budget amendments must be approved by Board resolution. Budget amendments during the years ended September 30, 2010 and 2009 were not significant.

Annual budgets are prepared on the modified accrual basis of accounting. This basis differs in certain respects from the full accrual basis of accounting that the Authority utilizes for financial reporting.

Non-appropriated capital budgets are prepared for the Capital Fund Program. Expenditures for these funds are controlled on the basis of applicable separate annual grant awards from HUD and are carried forward each year until the projects are completed or the grant award has been expended.

The Authority's annual budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function and nature. The total amount of appropriations constitutes the legal level of control. Expenditures may not exceed appropriations at this level without approval of the State of New Jersey Department of Community Affairs.

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

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

Cash and cash equivalents and investments

Cash and cash equivalents include petty cash, cash in banks, and all highly liquid investments with an original maturity of three months or less at time of purchase.

Cash and cash equivalents are reported at fair value, which approximates cost. Investments are generally reported at fair value, which is determined using selected bases.

HUD authorizes public housing authorities to invest in U.S. obligations, U.S. agencies, money market funds limited to U.S. obligations, certificates of deposit, savings accounts, and repurchase agreements fully collateralized by U.S. obligations (with certain restrictions).

New Jersey local units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 40A:5-15.1 provides a list of permissible investments that may be purchased which include, but are not limited to bonds or other obligations of, or guaranteed by, the United States of America, government market mutual funds, bonds or other obligations of the local unit, and deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281.

The Authority has adopted a cash management plan that requires it to deposit public 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 and requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the N.J.S.A. 17:9-41 et seq.

Public depositories include banks (both state and national banks), and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Restricted assets

Certain cash of the Authority is restricted by HUD for use to fund future housing assistance payment, for tenant security deposits, Family Self-Sufficiency deposits, Housing Assistance Payments, Homeownership Funds, or for other specified purposes.

Property and equipment

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

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Interest has been capitalized during the construction period on buildings and equipment.

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

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

Property and equipment (continued)

Assets capitalized generally have an original cost of \$1,000 or more and a useful life in excess of three years. Dwelling equipment (ranges and refrigerators) is capitalized irrespective of cost. Depreciation has been provided on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Building improvements	15 years
Furniture and equipment	3 to 7 years

Compensated absences

Employees earn vacation and sick leave in varying amounts based upon length of service. Vacation may be accrued up to an amount equal to two years annual vacation. This amount will be fully reimbursed upon retirement. Sick leave may be accrued up to an unlimited amount; however, upon retirement, the employee will be reimbursed a half day's pay for each full day of accrued sick leave up to a maximum dollar amount of \$17,500.

Amounts accrued are charged to expense with a corresponding liability. The component unit has no employees and therefore no liability for compensated absences.

Net assets

In accordance with the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", the Authority has classified its net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, and unamortized debt acquisition costs, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

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

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

Income Taxes

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

Use of Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

**Note 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's formal policy regarding custodial credit risk is the same as described in Note 1, N.J.S.A. 17:9-41 et seq. and included in its cash management plan. The Authority shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. As of September 30, 2010, the bank balances of \$6,440,478 and \$1,459 of the Authority and the component unit, respectively, were insured or collateralized as follows:

	<u>Authority</u>	<u>Component Unit</u>
Insured	\$ 891,221	\$ 1,451
Collateralized under GUDPA	5,549,257	-
Uninsured or uncollateralized	-	-
	<u>\$ 6,440,478</u>	<u>\$ 1,451</u>

Investments

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All investments are held in the Authority's name.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Authority does have investment policies that are governed by HUD and N.J.S.A.40A which limits the risks associated with investing as listed above. See note 2 for detail of these policies.

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

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**Note 3: CASH AND CASH EQUIVALENTS (continued)**

Investments (continued)

Concentration of credit risk – Concentration of credit risk is the risk that there is no limit on the amount that may be invested in any one issuer. There were no investments as of September 30, 2010 and 2009.

**Note 4: RESTRICTED ASSETS**

The Authority established restricted cash accounts as required by HUD to report the associated cash associated with unused Housing Assistance Payments, and to hold tenant security deposits. The Authority established a restricted cash account to hold money the Authority has set aside for tenants participating in the Family Self-Sufficiency Program. The purpose of the program is to reduce dependency on housing assistance. Participants can withdraw monies from their account to pay for certain expenditures, including the purchase of a home.

The Authority's restricted cash is as follows:

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Housing Assistance Payments	\$ 513,443	\$ 475,001
Tenant security deposits	176,575	162,035
Family Self-Sufficiency deposits	-	7,150
Capital leveraging	<u>7,152</u>	<u>10,559</u>
	<u>\$ 697,170</u>	<u>\$ 654,745</u>

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

**Note 5: PROPERTY AND EQUIPMENT**

The Authority's property and equipment activity for the years ended September 30, 2010 and 2009 was as follows:

	Balance September 30, 2009	Additions	Reductions	Balance September 30, 2010
Land	\$ 3,597,705			\$ 3,597,705
Buildings	40,558,857	\$ 818,282		41,377,139
Furniture, equipment & machinery – dwelling	1,034,538	17,046		1,051,584
Furniture, equipment & machinery - administration	1,756,557	27,669	\$ 5,614	1,778,612
Construction in progress	241,773	799,652	603,252	438,173
	47,189,430	1,662,649	608,866	48,243,213
Less accumulated depreciation	25,354,668	1,377,344	5,750	26,726,262
Net property and equipment	<u>\$ 21,834,762</u>	<u>\$ 285,305</u>	<u>\$ 603,116</u>	<u>\$ 21,516,951</u>

	Balance September 30, 2008	Additions	Reductions	Balance September 30, 2009
Land	\$ 3,597,705			\$ 3,597,705
Buildings	38,608,604	\$ 1,950,253		40,558,857
Furniture, equipment & machinery - dwelling	970,598	80,734	\$ 16,794	1,034,538
Furniture, equipment & machinery – administration	2,064,452	14,048	321,943	1,756,557
Construction in progress	237,622	4,151		241,773
Leasehold improvements	4,880		4,880	-
	45,483,861	2,049,186	343,617	47,189,430
Less accumulated depreciation	23,951,493	1,507,449	104,274	25,354,668
Net property and equipment	<u>\$ 21,532,368</u>	<u>\$ 541,737</u>	<u>\$ 239,343</u>	<u>\$ 21,834,762</u>



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

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**Note 6: PENSION PLAN**

Public Employees' Retirement System

The Authority contributes to the State of New Jersey Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the New Jersey Division of Pensions and Benefits. PERS provides retirement, death, disability and medical benefits to certain qualified plan members and beneficiaries. PERS was established in January 1955 under the provisions of N.J.S.A 43:15A. Membership in PERS is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. The Board of Trustees of PERS is primarily responsible for the administration of PERS.

According to the State of New Jersey administrative code, all obligations of PERS will be assumed by the State of New Jersey should PERS terminate.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues 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 the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System are required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. N.J.S.A. 43:15A-24 authorizes the reduction in member rates based on the existence of surplus pension assets in the retirement system.

The Authority is billed annually for its normal contribution plus any accrued liability. Public Law 2009, c. 19 (S-21) was enacted on March 17, 2009 and allowed the Division of Pension and Benefits to provide non-state government pensions system employers the option of paying the full amount, or an amount that reflect a 50 percent reduction of the normal and accrued liability component of the PERS obligations. The Authority elected to pay the full amount of the employer normal and accrued liability portion of the PERS obligation. The Authority's total contributions to the plan, equal to the required contribution for each year were \$117,693, \$100,166, and \$78,979 for the years ended September 30, 2010, 2009, and 2008, respectively.

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

**Note 7: OTHER POST-RETIREMENT BENEFITS**

Beginning in 2009, the Authority adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, on a prospective basis.

Plan Description – The Authority administers a single-employer defined benefit healthcare benefits plan which allows its retiring employees who have completed 25 years of participation in the Public Employees Retirement System (PERS) of which at least 10 years have been with the Housing Authority of the City of Vineland and have attained age 55 or 15 years participation in the PERS of which at least 10 years have been with Housing Authority of the City of Vineland and attained an age of 62, to receive fully paid medical, prescription drug, and dental benefits for both the retiree and their spouses. Once the retiree attains Medicare age 50% of the cost of supplemental insurance is paid by the retiree. The plan does not issue a separate financial report.

Funding Policy – The contribution requirements of the Authority are based on the medical, prescription, and dental premiums applicable for current retirees and payments are made on a pay-as-you-go basis. Except as disclosed above for retirees who have attained Medicare age, the Authority contributes 100 percent of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal years 2010 and 2009, the Authority contributed \$121,436 each year to the plan.

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) for this plan is calculated based on the annual required contribution of the employer (ARC). The Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation to the Plan:

Normal cost	\$ 248,978
Unfunded actuarial liability	<u>238,813</u>
Annual required contribution (expense)	487,791
Contributions made	<u>(121,436)</u>
Increase in net OPEB obligation	366,355
Net OPEB obligation - beginning of year	<u>366,355</u>
Net OPEB obligation - end of year	<u><u>\$ 732,710</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year ended September 30, 2010 and the prior year is as follows:

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

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$ 487,791	24.9%	\$ 366,355
9/30/2010	\$ 487,791	24.9%	\$ 732,710

**Funded Status and Funding Progress** - As of September 30, 2010, the actuarial accrued liability for benefits was \$3,854,696, all of which was unfunded. The covered payroll for fiscal year 2010 (annual payroll of active employees covered by the plan) was \$1,403,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 274.7 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence 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 contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**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 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 following simplifying assumptions were made:

*Retirement age for active employees*—Based on the historical average retirement age for the covered group, active plan members were assumed to retire no earlier than age 55, or at the first subsequent year in which the member would qualify for benefits. Furthermore, we have assumed that participants who are not eligible at age 65 will not become eligible for benefits.

*Marital status*—Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality*—Life expectancies were based on the 1994 distinct Group Annuity Mortality tables.

*Turnover*—Terminations of employment other than for death or retirement will occur in the future in accordance with the U.S. Office of Personnel Management regarding the experience of the employee group covered by the Federal Employees Retirement System.

*Health care cost inflation*—The expected rate of increase in health care costs is assumed to be at an annual rate of 7.0% for Pre-Medicare and 5% for Post-Medicare medical benefits.

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

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

A rate of 5 percent was used to discount future costs. The unfunded actuarial accrued liability is being amortized ratably over thirty years. The remaining amortization period at September 30, 2010, was twenty-nine years.

**REQUIRED SUPPLEMENTARY INFORMATION****Schedule of Funding Progress for the Retiree Health Plan**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
9/30/2009	\$ -	\$ 3,854,696	\$ 3,854,696	0.0%	\$ 1,505,000	256.1%
9/30/2010	\$ -	\$ 3,854,696	\$ 3,854,696	0.0%	\$ 1,403,000	274.7%

**Note 8: LONG-TERM DEBT**

The following summarizes the note payable and compensated absences at year end:

	September 30,	
	2010	2009
	Compensated Absences	Compensated Absences
Beginning balance	\$ 165,288	\$ 186,570
Increase	162,237	21,972
Decrease	(123,263)	(43,254)
Ending balance	204,262	165,288
Current portion	\$ 51,311	\$ 41,520

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

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

On December 12, 2004, the Authority issued Capital Fund Program Revenue Bonds, Series 2004A in the amount of \$4,760,000. These bonds bear interest at 4.378 percent and require semi-annual payments of principal and interest on May 1 and November 1 through November 1, 2025.

The following is a summary of bonds payable for the year ended September 30, 2010 and 2009:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts due within the year
9/30/2010	\$ 4,165,000	\$ -	\$ (180,000)	\$ 3,985,000	\$ 185,000
9/30/2009	\$ 4,335,000	\$ -	\$ (170,000)	\$ 4,165,000	\$ 180,000

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

Year Ending September 30,	Principal	Interest	Total
2011	185,000	172,766	357,766
2012	190,000	166,247	356,247
2013	200,000	159,244	359,244
2014	210,000	151,649	361,649
2015	215,000	143,564	358,564
2016-2020	1,240,000	566,597	1,806,597
2021-2025	1,565,000	251,920	1,816,920
2026	180,000	4,230	184,230
	<u>\$ 3,985,000</u>	<u>\$ 1,616,217</u>	<u>\$ 5,601,217</u>

**Note 9: COMMITMENTS**

As of September 30, 2010, the Authority had commitments to expend approximately \$1,320,842 for various capital improvements and related costs for the 2010, 2009, 2008, and 2007 Capital Fund grants as well as the Capital Fund Stimulus Formula and Competitive grants funded by the Capital Fund Stimulus Recovery Act.

**Note 10: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered through a joint insurance pool as described below. Settled claims from these risks have not exceeded coverage for the past several years.

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

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**Note 10: RISK MANAGEMENT (continued)**

The Authority is a member of the New Jersey Public Housing Authority Joint Insurance Fund. The Fund provides its members with the following coverage:

Property and Physical Damage  
General and Automobile Liability  
Workers' Compensation  
Public Official Liability/Employment Practices Liability

Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment to the Fund's obligation.

The Fund publishes its own financial report which can be obtained from:

New Jersey Public Housing Authorities Joint Insurance Fund  
250 Phele Avenue, Suite 701  
Saddle Brook, New Jersey 07663

**Note 11: OTHER MATTERS**

Certain claims have been filed against the organizations. In the opinion of management, all matters are adequately covered by insurance or are without merit.

Other receivables on the Statement of Net Assets include amounts for accrued losses due to a fire at Kidston Towers in March 2009 in the amounts of \$65,055 and \$31,161 for the years ended September 30, 2010 and 2009, respectively. The cumulative amount accrued at September 30, 2010 was recovered in full in February 2011.

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

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

Housing Authority of the City of Vineland has an outstanding loan due from Vineland Housing Development Corporation dated August 1, 2000. The purpose of the loan is to enable Vineland Housing Development Corporation to purchase and/or construct single family residences within the City of Vineland for sale to qualified buyers. The loan, with original principal of \$200,000 is an interest free loan, maturing August 1, 2010. As stated in the original agreement, payments on the loan will be made in monthly payments of \$833, with a balloon payment of \$101,667, due August 1, 2010. The balance outstanding at September 30, 2010 was \$124,167. As of the date of the preparation of the financial statements, no payments were made to the Authority on this loan.

Housing Authority of the City of Vineland entered into a loan agreement with Vineland Housing Development Corporation dated June 1, 2005, in the amount of \$379,660 which was intended to refinance the remaining balance of the original note plus the remaining amount of additional funds at the time that the new note was formalized in writing. Although this new note was prepared, no formal board resolution was ever passed refinancing the balance on the remaining balance on the original note. The purpose of this new note is to enable Vineland Housing Development Corporation to purchase land located on Chestnut Avenue in Vineland, New Jersey in order to construct single family residential homes for sale to qualified buyers. Despite the agreement's provision to charge a six percent interest on the unpaid principal balance, no interest has been accrued or paid on the loan. The note provides for payment on demand. The balance outstanding of the additional funds included in the new note at September 30, 2010 was \$250,000. As of the date of the preparation of the financial statements, no payments were made to the Authority on this loan.

In addition to the loans, Housing Authority of the City of Vineland has advanced amounts to Vineland Housing Development Corporation for operating purposes, without interest. In April 2008, the Board of the Housing Authority of the City of Vineland passed a resolution authorizing advances of up to \$50,000 in the near future. During the year ending September 30, 2009, the Housing Authority of the City of Vineland advanced Vineland Housing Development Corporation \$10,000. The amount of outstanding advances from Housing Authority of the City of Vineland at September 30, 2010 and 2009 was \$26,973. As of the date of the preparation of the financial statements, no payments were made to the Authority on these advances.

The following schedule reports receivables and payables at fiscal year-end. Receivables and payables within the Authority have been eliminated in the aggregation of financial data in the accompanying financial statements.

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

**Note 12: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY (continued)**

<u>Within the Authority</u>		
<u>Due to Other Programs</u>	<u>Due from Other Programs</u>	
Homeownership Program	PHA Owned Housing Program	\$ 244,385
Housing Choice Voucher	PHA Owned Housing Program	147,120
Congregate	PHA Owned Housing Program	<u>35,649</u>
		<u>\$ 427,154</u>
 <u>Between the Authority and Component Units</u>		
<u>Due to (from)</u> <u>Authority</u>	<u>Due to (from)</u> <u>Component Units</u>	
PHA Owned Housing Program	VHDC	\$ (374,167)
Homeownership Program	VHDC	<u>(26,973)</u>
		<u>\$ (401,140)</u>

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

**Note 13: RECLASSIFICATIONS**

Certain reclassifications have been made to the financial statements for the year ended September 30, 2009 to conform to the presentation of the current year.



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

**Note 14: SUBSEQUENT EVENTS**

On January 1, 2011, the Authority adopted a new post-retirement health care plan. Current retirees over age 65 and their dependents remain in a plan similar to the existing other post-employment benefit (OPEB) single-employer plan. Current retirees under age 65 as well as future retirees will participate in the State Health Benefits Plan (SHBP), a cost-sharing multiple employer defined benefit postemployment healthcare plan administered by the State of New Jersey, Division of Pensions and Benefits. Because the SHBP is a multiple employer plan, costs are recognized on a pay as you go basis. An actuarial study performed using proforma data as of September 30, 2009 combined with cost estimate information related to the SHBP for 2011 provided the following estimated comparison:

	Actual at <u>September 30, 2010</u>	If SHBP had been implemented at <u>September 30, 2010</u>	<u>Difference</u>
Balance sheet liability (single employer plan)	\$ 732,710	\$ 64,000	\$ 668,710
			-
Fiscal year 2010 plan expense			-
Single employer plan	\$ 487,791	\$ 32,000	\$ 455,791
Multiple employer plan	-	67,000	(67,000)
Total retiree expense	\$ 487,791	\$ 99,000	\$ 388,791

**HOUSING AUTHORITY OF THE CITY OF VINELAND**

**SUPPLEMENTARY INFORMATION**

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

**SEPTEMBER 30, 2010**



[illegible]

[illegible]



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## VINELAND HOUSING AUTHORITY

## Financial Data Schedule

## Program Financials

Year Ended September 30, 2010

							2009	2009
							CF Recovery	FORMULA
		TOTAL	STATE	SEC 8	NEWHOP	VHDC	Comp. Grant	ARRA
111	Cash-Unrestricted	5,076,707	-	448,213	4,627,043	1,451		
112	Cash-Restricted-Modernization and Development	-						
113	Cash-Other Restricted	520,595	7,152	513,443				
114	Cash-Tenant Security Deposits	-						
115	Cash-Restricted for Payment of Current Liabilities	-						
100	Total Cash	5,597,302	7,152	961,656	4,627,043	1,451		-
121	A/R-PHA Projects	-						
122	A/R-HUD Other Projects	-						
124	A/R-Other Government	24,621	18,859	5,762				
125	A/R-Miscellaneous	10,000			10,000			
126	A/R-Tenants	2,809		2,809				
126.1	Allowance for Doubtful Accounts-Tenants	-						
126.2	Allowance for Doubtful Accounts-Other	-						
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	37,430	18,859	8,571	10,000	-		-
131	Investments-Unrestricted	-	-					
132	Investments-Restricted	-						
135	Investments-Restricted for Payment of Current Liability	-						
142	Prepaid Expenses and Other Assets	3,247		3,247				
143	Inventories	-						
143.1	Allowance for Obsolete Inventories	-						
144	Inter Program Due From	-						
145	Assets Held for Sale	-						
150	Total Current Assets	5,637,979	26,011	973,474	4,637,043	1,451		-
161	Land	251,748				251,748		
162	Buildings	-						
163	Furniture, Equip & Mach-Dwelling	-						
164	Furniture, Equip & Mach-Admin	75,225		75,225				
165	Leasehold Improvements	-						
166	Accumulated Depreciation	(67,830)		(67,830)				
167	Construction in Progress	241,878				241,878		
168	Infrastructure	-						
160	Total Capital Assets, Net of Accumulated Depreciation	501,021	-	7,395	-	493,626		-
171	Notes, Loans and Mortgages Receivable-Non-current	374,167			374,167			
172	Notes, Loans and Mort. Rec.-Non-current-Past Due	-						
173	Grants Receivable-Non Current	-						
174	Other Assets	-						
176	Investments in Joint Ventures	-						
180	Total Non-Current Assets	374,167	-	-	374,167	-		-
190	Total Assets	6,513,167	26,011	980,869	5,011,210	495,077		-
311	Bank Overdraft	-						
312	Accounts Payable<=90 Days	2,551	2,226	-		325		

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## VINELAND HOUSING AUTHORITY

## Financial Data Schedule

## Program Financials

Year Ended September 30, 2010

								2009	2009
								CF Recovery	FORMULA
								Comp. Grant	ARRA
			TOTAL	STATE	SEC 8	NEWHOP	VHDC		
313	Accounts Payable>90 Days Past Due	-					-		
321	Accrued Wages/Payroll Taxes Payable	8,709	2,644	6,065					
322	Accrued Compensation Absences-current portion	5,597	674	4,923					
324	Accrued Contingency Liability	-							
325	Accrued Interest Payable	-							
331	Accounts Payable-HUD PHA Programs	-							
332	Accounts Payable-PHA Projects	-							
333	Accounts Payable-Other Government	-							
341	Tenant Security Deposits	-							
342	Deferred Revenues	108		108					
343	Current Portion of LT-Capital Projects/Mtg Rev. Bonds	-							
344	Current Portion of LT-Operating Borrowings	374,167					374,167		
345	Other Current Liabilities	26,974		-			26,974		
346	Accrued Liabilities-Other	-							
347	Inter Program -Due To	427,153	35,648	147,120	244,385				
348	Loan Liability-Current	-							
310	Total Current Liabilities	845,259	41,192	158,216	244,385		401,466		-
351	LT Debt, Net of Current -Capital Projects/Mtg Rev.	-	-						
352	LT Debt, Net of Current -Operating Borrowings	-	-				-		
353	Non-current Liabilities-Other	-							
354	Accrued Compensated Absences-Non current	16,684	2,009	14,675					
355	Loan Liability - Non current	-							
356	FASB 5 Liabilities	-							
357	Accrued Pension and OPEB Liabilities	131,810	42,938	88,872					
350	Total Non-Current Liabilities	148,494	44,947	103,547	-		-		-
300	Total Liabilities	993,753	86,139	261,763	244,385		401,466		-
508.1	Invested in Capital Assets, Net of Related Debt	501,021	-	7,395	-		493,626		-
509.2	Fund Balance Reserved	-							
511.2	Unreserved, Designated Fund Balance	-							
511.1	Restricted Net Assets	520,595	7,152	513,443	-				
512.1	Unrestricted Net Assets	4,497,798	(67,280)	198,268	4,766,825		(400,015)		-
512.2	Unreserved, Undesignated Fund Balance	-							
513	Total Equity/Net Assets	5,519,414	(60,128)	719,106	4,766,825		93,611		-
600	Total Liabilities and Equity/Net Assets	6,513,167	26,011	980,869	5,011,210		495,077		-
		-	-	-	-		-		-
70300	Net Tenant Rental Revenue	-							
70400	Tenant Revenue-Other	26,686	26,686	-					
70500	Total Tenant Revenue	26,686	26,686	-	-		-		-
70600	HUD PHA Operating Grants	2,504,984		2,504,984					
70610	Capital Grants	381,847						196,295	185,552
70710	Management Fee	-							
70720	Asset Management Fee	-							
70730	Bookkeeping Fee	-							
70740	Front Line Service Fee	-							
70750	Other Fees	-							



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## VINELAND HOUSING AUTHORITY

## Financial Data Schedule

## Program Financials

Year Ended September 30, 2010

							2009	2009
							CF Recovery	FORMULA
		TOTAL	STATE	SEC 8	NEWHOP	VHDC	Comp. Grant	ARRA
70700	Total Fee Revenue	2,886,831	-	2,504,984	-	-	196,295	185,552
70800	Other Government Grants	73,729	73,729					
71100	Investment Income-Unrestricted	49,362	-	66	49,296			
71200	Mortgage Interest Income	-						
71300	Proceeds from Disposition of Assets Held for Sales	-						
71310	Cost of Sale of Assets	-						
71400	Fraud Recovery	2,358		2,358				
71500	Other Revenue	156,241	-	156,241				
71600	Gain or Loss on Sale of Capital Assets	-						
72000	Investment Income-Restricted	1	1	-				
70000	Total Revenue	3,195,208	100,416	2,663,649	49,296	-	196,295	185,552
91100	Administrative Salaries	155,457		155,457				
91200	Auditing Fees	13,969		13,878		91		
91300	Management Fees	89,602		40,572	49,030			
91310	Bookkeeping Fees	25,358		25,358				
91400	Advertising and Marketing	129	129	-				
91500	Employee Benefits-Admin.	128,116	21,469	106,647				
91600	Office Expense	814	304	510				
91700	Legal Expense	9,698		9,623		75		
91800	Travel	2,082	92	1,990				
91810	Allocated Overhead	-						
91900	Other	15,116	1,846	10,404	266	2,600		
91000	Total Operating-Admin	440,341	23,840	364,439	49,296	2,766	-	-
92000	Asset Management Fee	-						
92100	Tenant Services-Salaries	55,985	55,985					
92200	Relocation Costs	-						
92300	Employee Benefits	4,619	4,619					
92400	Tenant Services-Other	26,012	26,012					
92500	Total Tenant Services	86,616	86,616	-	-	-	-	-
93100	Water	-						
93200	Electricity	-						
93300	Gas	-						
93400	Fuel	-						
93500	Labor	-						
93600	Sewer	-						
93700	Employee Benefits	-						
93800	Other Utilities	-						
93000	Total Utilities	-	-	-	-	-	-	-
94100	Ordinary Maint & Operations-Labor	-						
94200	Ordinary Maint. & Operations-Materials	899	899	-				
94300	Ordinary Maint. & Operations Contracts	2,056	106	-		1,950		
94500	Employee Benefits	-						
94000	Total Maintenance	2,955	1,005	-	-	1,950	-	-
95100	Protective Services-Labor	-						
95200	Protective Services-Other Contract Costs	-						

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<b>VINELAND HOUSING AUTHORITY</b>									
<b>Financial Data Schedule</b>									
<b>Program Financials</b>									
<b>Year Ended September 30, 2010</b>									
								<b>2009</b>	<b>2009</b>
								<b>CF Recovery</b>	<b>FORMULA</b>
			<b>TOTAL</b>	<b>STATE</b>	<b>SEC 8</b>	<b>NEWHOP</b>	<b>VHDC</b>	<b>Comp. Grant</b>	<b>ARRA</b>
95300	Protective Services-Other	-							
95500	Employee Benefits	-							
95000	Total Protective Services	-	-	-	-	-	-	-	-
96110	Property Insurance	-							
96120	Liability Insurance	-							
96130	Workmen's Compensation	-							
96140	All Other Insurance	-							
96100	Total Insurance Premiums	-	-	-	-	-	-	-	-
96200	Other General Expenses	30					30		
96210	Compensated Absences	15,094	528	14,566					
96300	Payments in Lieu of Taxes	-							
96400	Bad debts-Tenant Rents	-							
96500	Bad debts-Mortgages	-							
96600	Bad debts-Other	-							
96800	Severance Expense	-							
96000	Total Other General Expenses	15,124	528	14,566	-		30	-	-
96710	Interest of Mortgage (or Bonds) Payable	-							
96720	Interest on Notes Payable (Short and Long Term)	-							
96730	Amortization of Bond Issue Costs	-							
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	545,036	111,989	379,005	49,296		4,746	-	-
97000	Excess of Operating Revenue over Operating Expenses	2,650,172	(11,573)	2,284,644	-		(4,746)	196,295	185,552
97100	Extraordinary Maintenance	-							
97200	Casualty Losses	-							
97300	Housing Assistance Payments	2,238,508		2,238,508					
97350	HAP Portability-In	145,257		145,257					
97400	Depreciation Expense	3,060		3,060					
97500	Fraud Losses	-							
97600	Capital Outlays-Governmental Funds	-							
97700	Debt Principal Payment-Governmental Funds	-							
97800	Dwelling Units Rent Expense	-							
90000	Total Expenses	2,931,861	111,989	2,765,830	49,296		4,746	-	-
10010	Operating Transfer In	-							
10020	Operating Transfer Out	-							
10030	Operating Transfers from/to Primary Government	-							
10040	Operating Transfers from/to Component Unit	-							
10050	Proceeds from Notes, Loans and Bonds	-							
10060	Proceeds from Property Sales	-							
10070	Extraordinary Items, Net Gain/Loss	-							
10080	Special Items (Net Gain/Loss)	-							
10091	Inter Project Excess Cash Transfer In	-							
10092	Inter Project Excess Cash Transfer Out	-							
10093	Transfers between Program and Project-In	-							
10094	Transfers between Program and Project-Out	(100,000)				(100,000)			

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## VINELAND HOUSING AUTHORITY

## Financial Data Schedule

## Program Financials

Year Ended September 30, 2010

							2009	2009
							CF Recovery	FORMULA
		TOTAL	STATE	SEC 8	NEWHOP	VHDC	Comp. Grant	ARRA
10100	Total Other financing Sources (Uses)	(100,000)	-	-	(100,000)	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (under)							
	Total Expenses	163,347	(11,573)	(102,181)	(100,000)	(4,746)	196,295	185,552
11020	Required Annual Debt Principal Payments	-						
11030	Beginning Equity	5,737,915	(48,555)	821,287	4,866,825	98,358	-	-
11040	Prior Period Adj., Equity Transfers and Correction of Error	(381,847)		-	-	-	(196,295)	(185,552)
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 Allow. For Doubtful Accts-Dwelling Rents	-						
11100	Changes in Allow. For Doubtful Accts-Other	-						
11170	Administrative Fee Equity	-						
11180	Housing Assistance Payments Equity	-						
11190	Unit Months Available	4,164		4,164				
11210	Number of Unit Months Leased	3,381		3,381				
11270	Excess Cash	-						
11610	Land Purchases	-						
11620	Building Purchases	381,847					196,295	185,552
11630	Furniture & Equipment-Dwelling Purchases	-						
11640	Furniture & Equipment-Admin. Purchases	-						
11650	Leasehold Improvements Purchases	-						
11660	Infrastructure Purchases	-						
13510	Replacement Housing Factor Funds	-						
13901	Replacement Housing Factor Funds	-						
	Beginning Equity	5,737,914	(48,555)	821,287	4,866,825	98,357	-	-
	Profit (Loss)	163,347	(11,573)	(102,181)	(100,000)	(4,746)	196,295	185,552
	Prior Period Adj. and Equity Transfers	(381,847)		-	-	-	(196,295)	(185,552)
	Total	5,519,414	(60,128)	719,106	4,766,825	93,611	-	-
	Equity (line 513)	5,519,414	(60,128)	719,106	4,766,825	93,611	-	-
	Difference	-	-	-	-	-	-	-

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**VINELAND HOUSING AUTHORITY**  
**PHA'S Statement and Certification of Actual Capital**  
**Fund Program Costs**

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There were no Modernization Cost Certificates filed by the Housing Authority in 2010.

**HOUSING AUTHORITY OF THE CITY OF VINELAND**

**PART II - SINGLE AUDIT SECTION**

**SEPTEMBER 30, 2010**

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners  
Vineland Housing Authority

**Compliance**

We have audited the compliance of the Vineland Housing Authority, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. The Authority's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Vineland Housing Authority's compliance based on our audit.

The Authority's blended component unit, Vineland Housing Development Corporation is not subject to Single Audit requirements and is not covered by this report.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, Vineland Housing Authority, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of the Vineland Housing Authority, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Vineland Housing Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Vineland Housing Authority's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee and management of the Vineland Housing Authority, New Jersey; the U.S. Department of Housing and Urban Development; the Local Finance Board, Department of Community Affairs, State of New Jersey, and other governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

Woodbury, New Jersey  
June 17, 2011

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**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2010**

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs		
Section 8 Housing Choice Voucher Program	14.871	\$ 2,504,984
Public and Indian Housing Program	14.850a	1,535,510
Capital Fund Program Cluster		
Public Housing - Capital Fund Program	14.872	1,094,660
ARRA - Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	14.885	185,552
ARRA - Public Housing Capital Fund Stimulus (Competitive) Recovery Act Funded	14.884	196,295
Subtotal Capital Fund Program Cluster		1,476,507
Total expenditures of federal awards		\$ 5,517,001

See accompanying notes to schedule of federal awards.



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

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**Note 1: GENERAL**

The accompanying Schedule of Expenditures Federal Awards presents the activity of all federal programs of the Vineland Housing Authority. The Authority's component unit, Vineland Housing Development Corporation, is not subject to a Single Audit.

**Note 2: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**Note 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the Authority's financial statements.

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Included in the amount reported as Federal expenditures in the accompanying schedule for CFDA number 14.871 are settlements prior year's administrative fees received from the United States Department of Housing and Urban Development (HUD) in the amounts of \$446, \$633, and \$173 for fiscal year 2009, and additional Housing Assistance Payments amounts received attributed to calendar year 2009 due to adjustments by HUD to the annual proration factor and to the Authority's net restricted assets in the amounts of \$4,816 and \$4,363, respectively. All other amounts in the accompanying schedule agree with, in all material respects, the amounts reported in the related federal financial reports. Additionally, there were expenditures of \$73,729 under the State of New Jersey, Department of Community Affairs Congregate Housing Services Program, which is not subject to a State Single Audit.

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended September 30, 2010**

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

Financial Statement Section

A. Type of auditors' report issued:	Unqualified
B. Internal control over financial reporting:	
1. Material weaknesses	None noted
2. Other significant control deficiencies	None noted
C. Noncompliance material to financial statements:	None noted

Federal Awards Section

D. Dollar threshold used to determine Type A programs:	\$ 300,000
E. Auditee qualifies as low-risk auditee?	No
F. Type of auditors' report on compliance for major programs:	Unqualified
G. Internal control over compliance:	
1. Material weaknesses	None noted
2. Other significant control deficiencies	None noted
H. Audit findings required to be reported in accordance with OMB Circular A-133 (Section .510(a)):	None noted
I. Identification of major federal programs:	

CFDA Numbers	Name of Federal Program
<u>Capital Fund Cluster:</u>	
14.872	Public Housing – Capital Fund Program
14.884	ARRA – Public Housing Capital Fund Stimulus (Competitive) Recovery Act Funded
14.885	ARRA – Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded
<u>Other Programs:</u>	
14.850a	Public and Indian Housing Program
14.871	Section 8 Housing Choice Voucher Program

**HOUSING AUTHORITY OF THE CITY OF VINELAND  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2010**

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None Noted

**HOUSING AUTHORITY OF THE CITY OF VINELAND  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2010**

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None Noted

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

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This section identifies the status of prior year findings related to the financial statements and Federal Awards that are required to be reported in accordance with Government Auditing Standards, and OMB Circular A-133.

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2009-1**

**Condition**

Significant audit adjustments were required to certain general ledger accounts to achieve proper presentation in the financial statements.

**Recommendation**

It is recommended that proper support of all significant general ledger accounts be prepared on a periodic basis, and that comparisons be made to recorded balances with adjustments recorded as necessary. Additionally, the Authority should take steps to ensure that the controls over the preparation of financial statements and related footnotes are emphasized in the future.

**Current Status**

The finding does not warrant further action. Audit adjustments proposed in the current audit were not considered significant to an understanding of the financial statements. Therefore, this finding is considered corrected at 09/30/2010.

**FEDERAL AWARDS**

No Prior Year Findings.

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**APPRECIATION**

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

Respectfully submitted,

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