

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY

REPORT OF AUDIT

FOR THE YEARS ENDED

DECEMBER 31, 2012 AND 2011



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**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**

**PART I - FINANCIAL SECTION**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

## **INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Housing Authority of Gloucester County, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of Gloucester County, New Jersey as of and for the years ended December 31, 2012 and 2011 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Housing Authority of Gloucester County, and of its aggregate discretely presented component units as of December 31, 2012 and 2011, and its changes in financial position and its cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Other Matters******Required Supplementary Information***

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

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Financial Data Schedule and other supplementary information as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Financial Data Schedule as required by the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2013 on our consideration of the Housing Authority of Gloucester County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of Gloucester County's internal control over financial reporting and compliance.

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

Woodbury, New Jersey  
September 23, 2013

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

Board of Commissioners  
Housing Authority of Gloucester County, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Housing Authority of Gloucester County, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 23, 2013. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. Accordingly, this report does not extend to the discretely presented component units.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Housing Authority of Gloucester County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Woodbury, New Jersey  
September 23, 2013



## HOUSING AUTHORITY OF GLOUCESTER COUNTY

# Management's Discussion and Analysis December 31, 2012

This section of the Housing Authority of Gloucester County's ("Authority") annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2012. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and accompanying notes.

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

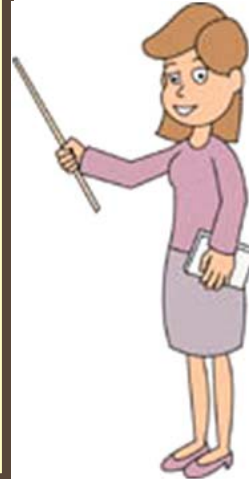
This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Management's Discussion and Analysis is intended to share management's analysis of the Authority's financial performance. The Authority's financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private businesses, such as real estate development and management. The financial statements included in this report were prepared in accordance with GAAP applicable to governmental entities for Proprietary Fund types ("business-type" activities). The financial statements and accompanying data include the following:

1. **The Statements of Net Position** - presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position (equity).
2. **The Statements of Revenue, Expenses, and Changes in Net Position** - presents information on revenues and expenses showing how the Authority performed.
3. **The Statements of Cash Flows** - presents the inflows and outflows of cash and cash equivalents.
4. **Notes to Financial Statements** – provides additional information essential to fully understanding the data provided in the financial statements.
5. **Supplemental Information** - presents the schedule of expenditures of Federal Awards as required by the U.S. Office of Management and Budget (OMB Circular A-133). Also included is the Financial Data Schedule and Capital Grant Schedule.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Management's Discussion and Analysis (continued)**

**FINANCIAL HIGHLIGHTS**

- The Authority's Total Net Position (equity) decreased by **\$697,050** (or **-2.13%**) to **\$31,976,317**.
- The Authority's Cash and Investment balance at the reporting year-end was **\$7,329,970**. This includes amounts designated for restricted use.
- The Authority had Total Revenues of **\$19,604,237** and Total Expenses of **\$20,301,287** for the year ended December 31, 2012.
- The Primary Government's Expenditures of Federal Awards amounted to **\$16,890,390** for 2012.
- The Authority lost over **\$475,000** in government subsidy in the Public Housing Programs due Federal Program cuts.
- The Authority lost over **\$400,000** in Section 8 Administrative Fees due to Federal Funding cuts.



**OTHER FINANCIAL INFORMATION**

The Housing Authority of Gloucester County operates various programs involving the provisioning of affordable housing services. Some programs are federal or state instituted and others are management operations of affordable housing.

The major programs of the Authority are:



1. Public Housing Program
2. Section 8 Housing Choice Voucher Program
3. Business Activities, consisting of:
  - a. General Management Funds of the Authority
  - b. Colonial Park Management
  - c. Expanded Housing Opportunities
4. Component Units, which are legally separate corporations and instrumentalities of the Housing Authority formed to carry out the mission of the Authority and expand affordable housing inventory.

The financial books are maintained in accordance with Generally Accepted Accounting Principles (for government entities).

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Management's Discussion and Analysis (continued)**

**CONDENSED FINANCIAL STATEMENTS**

**STATEMENTS OF NET POSITION**

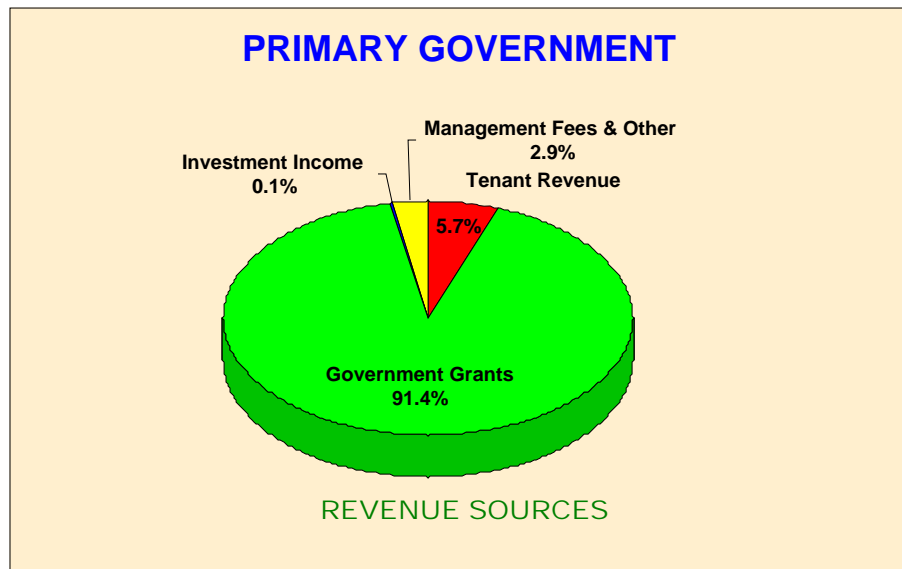
	December 31, 2012		December 31, 2011		December 31, 2010	
	PRIMARY GOVERNMENT	COMPONENT UNITS	PRIMARY GOVERNMENT	COMPONENT UNITS	PRIMARY GOVERNMENT	COMPONENT UNITS
<b>Assets:</b>						
Current Assets	\$ 6,256,810	\$ 1,602,558	\$ 6,891,086	\$ 2,122,284	\$ 7,572,914	\$ 1,740,109
Non-Current Restricted Assets	116,546	138,214	56,074	138,059	59,033	1,984,472
Capital Assets, net of Depreciation	9,662,267	679,408	9,491,653	679,408	9,857,401	5,429,785
Other Non Current Assets		15,064,328		14,622,624		5,736,708
<b>Total Assets</b>	<b>\$ 16,035,623</b>	<b>\$ 17,484,508</b>	<b>\$ 16,438,813</b>	<b>\$ 17,562,375</b>	<b>\$ 17,489,348</b>	<b>\$ 14,891,074</b>
<b>Liabilities:</b>						
Current Liabilities	\$ 696,611	\$ 230,910	\$ 587,437	\$ 278,721	\$ 673,410	\$ 3,595,779
Long-Term Liabilities	548,435	67,858	397,637	64,026	318,572	60,287
<b>Total Liabilities</b>	<b>1,245,046</b>	<b>298,768</b>	<b>985,074</b>	<b>342,747</b>	<b>991,982</b>	<b>3,656,066</b>
<b>Net Position:</b>						
Invested in Capital Assets, net of related debt	9,662,267	679,408	9,491,653	679,408	9,857,401	4,071,150
Restricted Net Position	1,199,606		1,151,986		1,324,689	
Unrestricted Net Position	3,928,704	16,506,332	4,810,100	16,540,220	5,315,276	7,163,858
<b>Total Net Position</b>	<b>14,790,577</b>	<b>17,185,740</b>	<b>15,453,739</b>	<b>17,219,628</b>	<b>16,497,366</b>	<b>11,235,008</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 16,035,623</b>	<b>\$ 17,484,508</b>	<b>\$ 16,438,813</b>	<b>\$ 17,562,375</b>	<b>\$ 17,489,348</b>	<b>\$ 14,891,074</b>

**STATEMENTS OF REVENUE, EXPENSES and CHANGES IN NET POSITION**

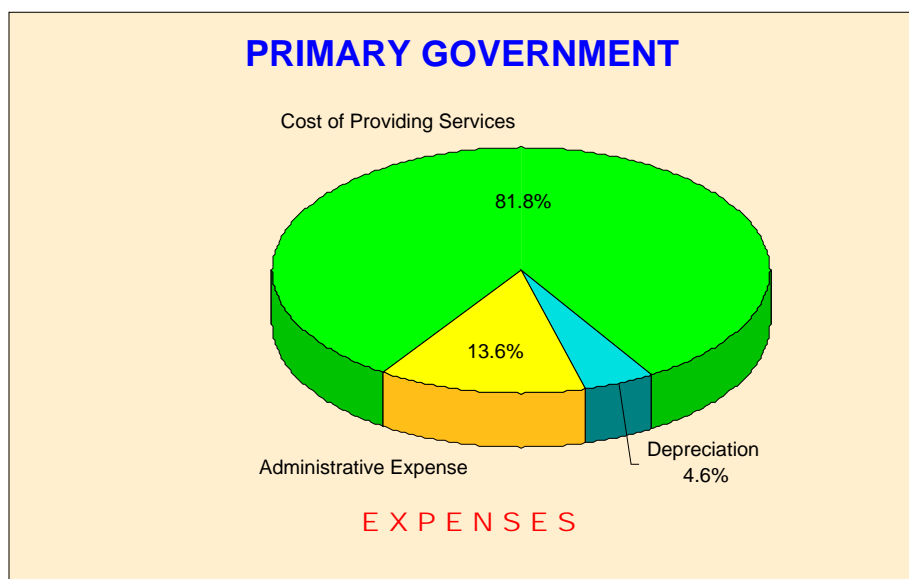
	December 31, 2012		December 31, 2011		December 31, 2010	
	PRIMARY GOVERNMENT	COMPONENT UNITS	PRIMARY GOVERNMENT	COMPONENT UNITS	PRIMARY GOVERNMENT	COMPONENT UNITS
<b>Operating Revenues:</b>						
Tenant Revenues	\$ 1,042,854	\$ 0	\$ 1,017,703	\$ 77,803	\$ 1,014,361	\$ 833,446
Government Grants	16,771,598	0	17,673,979	136,384	17,465,270	1,259,594
Other Revenues	523,594	660,813	1,683,149	905,371	1,618,212	219,204
<b>Total Operating Revenues</b>	<b>18,338,046</b>	<b>660,813</b>	<b>20,374,831</b>	<b>1,119,558</b>	<b>20,097,843</b>	<b>2,312,244</b>
<b>Operating Expenses:</b>						
Administrative and Other Expenses	18,956,541	420,932	20,582,668	343,042	20,237,061	1,506,168
Depreciation Expense	919,982	0	882,714	33,295	884,457	199,780
<b>Total Operating Expense</b>	<b>19,876,523</b>	<b>420,932</b>	<b>21,465,382</b>	<b>376,337</b>	<b>21,121,518</b>	<b>1,705,948</b>
<b>Operating Income (Loss)</b>	<b>(1,538,477)</b>	<b>239,881</b>	<b>(1,090,551)</b>	<b>743,221</b>	<b>(1,023,675)</b>	<b>606,296</b>
<b>Non-operating Revenues (Expenses):</b>						
Gain on Sale of Buildings				4,125,817		
Insurance recovery on capital assets net of impairment loss				831,055		1,270,607
Capital Grants	585,596		334,792		618,445	
Interest Income	17,623	2,159	22,132	5,458	48,437	72,305
Interest Expense				(30,931)		(123,478)
Member's share in loss from LLC		(3,832)				
<b>Net Non-operating Revenues (Expenses)</b>	<b>603,219</b>	<b>(1,673)</b>	<b>356,924</b>	<b>4,931,399</b>	<b>666,882</b>	<b>1,219,434</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(935,258)</b>	<b>238,208</b>	<b>(733,627)</b>	<b>5,674,620</b>	<b>(356,793)</b>	<b>1,825,730</b>
Contributions of Equipment		0		0		4,861
Contributions to/from primary government		(272,096)		310,000		
Contributions to/from component units	272,096		(310,000)			
<b>Change in Net Position</b>	<b>(663,162)</b>	<b>(33,888)</b>	<b>(1,043,627)</b>	<b>5,984,620</b>	<b>(356,793)</b>	<b>1,830,591</b>
Net Position - Beginning of the year	15,453,739	17,219,628	16,497,366	11,235,008	16,854,159	9,404,417
<b>Total Net Position - End of the year</b>	<b>\$ 14,790,577</b>	<b>\$ 17,185,740</b>	<b>\$ 15,453,739</b>	<b>\$ 17,219,628</b>	<b>\$ 16,497,366</b>	<b>\$ 11,235,008</b>

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
Management's Discussion and Analysis (continued)

**REVENUE SOURCES**

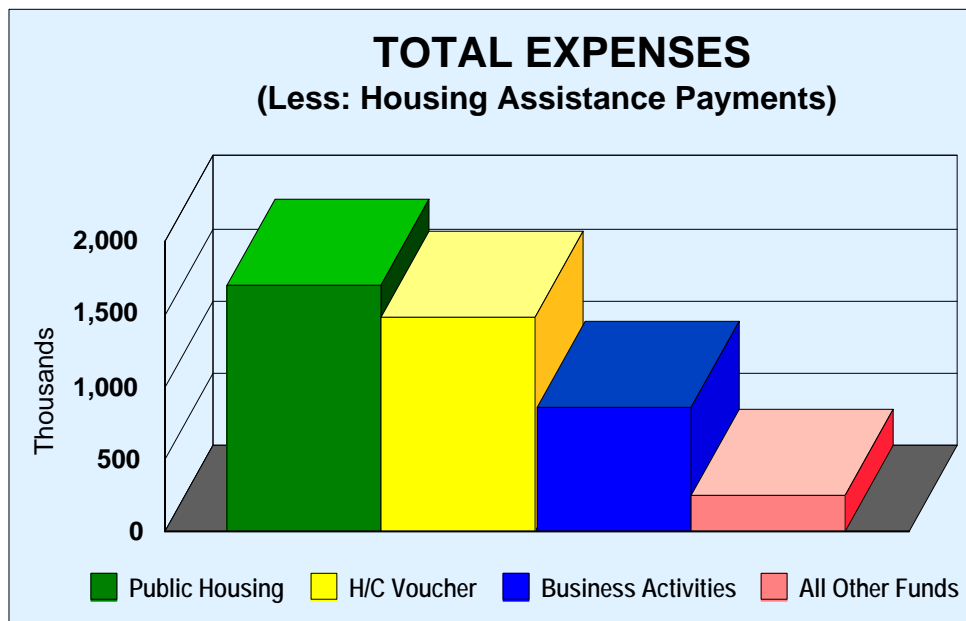
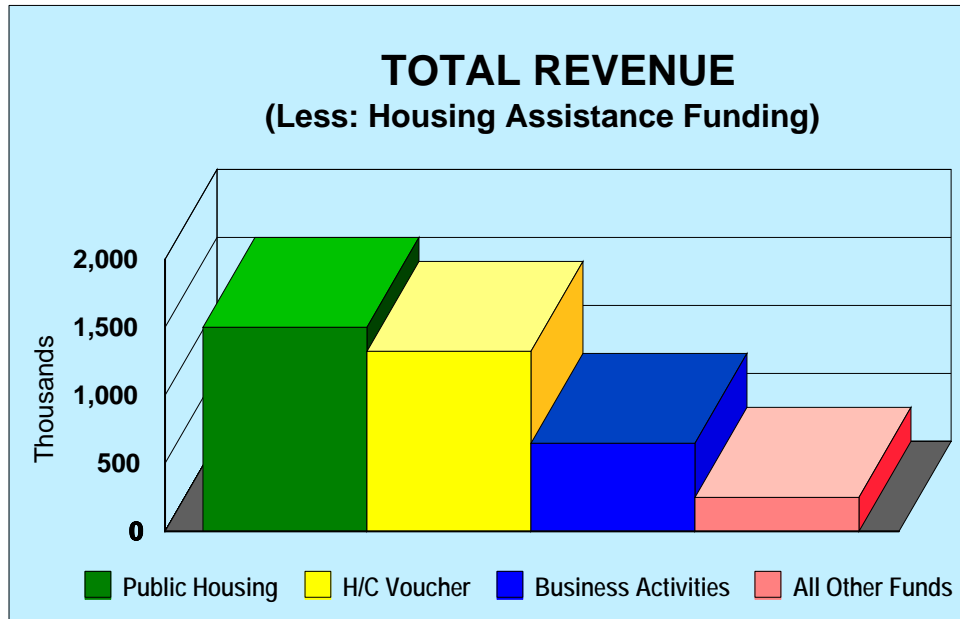


**EXPENSES**

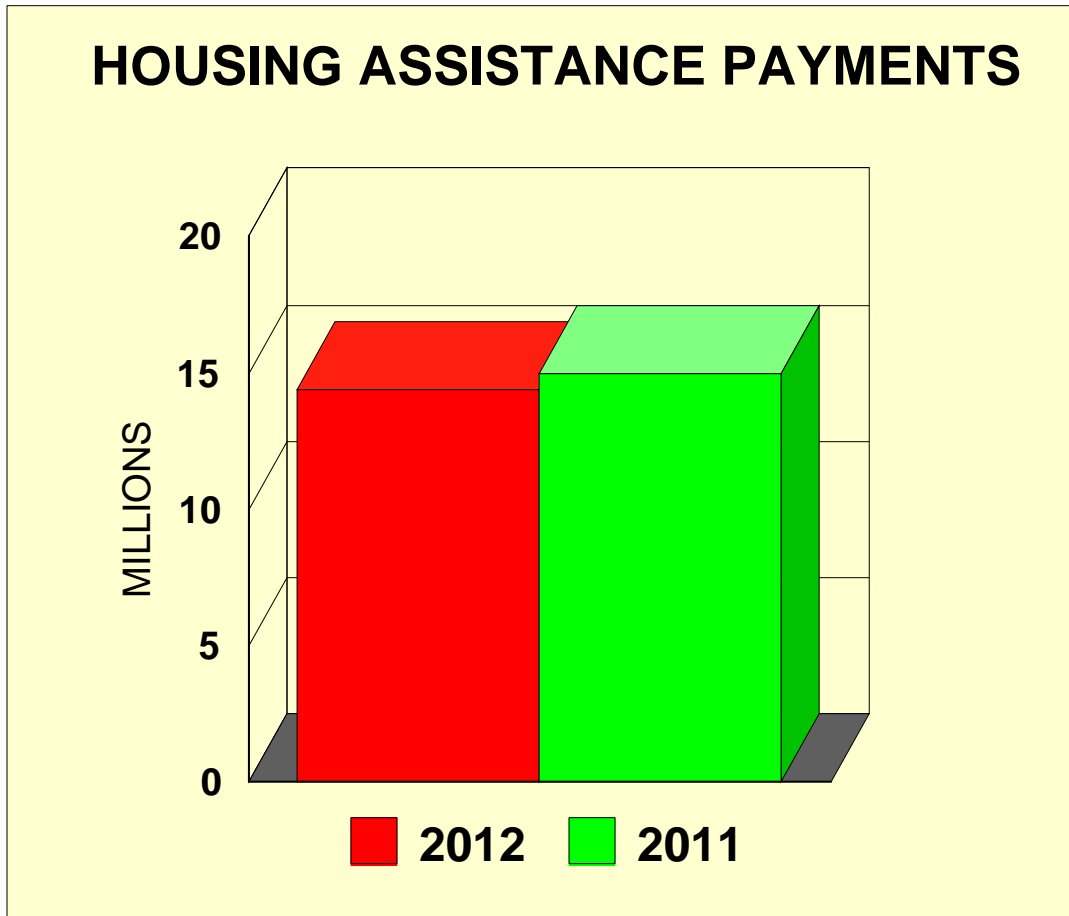


**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
Management's Discussion and Analysis (continued)

**PRIMARY GOVERNMENT**



## **HOUSING CHOICE VOUCHER PROGRAM**



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### **HOUSING FACTS:**

1. Over 2,100 Low-Income Families have been assisted throughout the county by the Housing Authority in 2012; affording them decent, safe and sanitary housing based on their ability to pay.
2. Over \$14 million was disbursed in Housing Assistance Payments.
3. The Average monthly Housing Assistance provided for Section 8 families was \$672.



**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Management's Discussion and Analysis (continued)**

**BUDGETARY HIGHLIGHTS**

For the year ended December 31, 2012, individual programs or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets are used primarily as a management tool. However, for the Authority's annual entity-wide (excluding component units) State budget, 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.



In some governmental programs funding is derived by formula. The Authority experienced major funding changes in recent years, including recent reductions.

**CAPITAL ASSETS and DEBT ADMINISTRATION**

In 2012, the Authority invested \$1,090,596 in capital assets. Of this total investment, from operating funds, \$246,702 was spent on replacement of maintenance, office and/or transportation equipment, and \$585,596 was utilized in our modernization program to renovate and upgrade Authority-owned housing units and equipment. The Authority has an ongoing practice of maintaining its property at high standards. Keeping them decent, safe and sanitary.

On February 25, 2011, Colonial Park Apartments was sold by Seniors Housing Development Corporation of Gloucester County, an instrumentality of the Housing Authority, to Colonial Park LP, a "Tax-Credit" partnership, for the purposes of acquiring funding for extensive renovations. These upgrades are expected to be completed in 2013.



No new outside debt was issued in 2012 by the Housing Authority or any of its Component Units.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Management's Discussion and Analysis (continued)**

**ECONOMIC FACTORS and NEXT YEAR'S BUDGETS**

The Federal Budget crisis in Washington over the past several years has had a major impact in the public housing sector. HUD has not been funding the various programs at or near 100% of what is required. In 2012, the Authority's Public Housing projects were hit with huge funding cuts, amounting to over \$475,000 in lost revenue. HUD has restored those funds for 2013. However, this cut has severely depleted our reserves. The capital grants continue to be funded by HUD but at a lower level.



Federal cuts in the Housing Choice Voucher Program, the Authority's largest program, have been ongoing for the past several years and continue into 2013. Administrative fees are not being fully funded and are reduced by 35% of the HUD approved rates, amounting to additional losses of over \$500,000. In addition to this erosion of resources, the Housing Assistance funding provided by HUD has also been decreasing, affecting our ability to lease near 100% of the vouchers designated to this Authority. Since there is a decrease in leasing, there is a corresponding decrease in the Administrative Fee base, which further decreases the fees. While the administrative portion of revenue has decreased substantially, at the same time administrative expenses and overhead have increased. This has placed a heavy burden on our primary government programs. At some point in the very near future, HUD will have to better fund these programs if they are to survive. In the meantime, the Authority will continue to assess its financial position and take whatever measures necessary to fulfill the spirit of its mission.



**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide users with an overview of the Authority's finances. If you have questions concerning any of the information provided in this report, contact the Director of Finance, Housing Authority of Gloucester County, 100 Pop Moylan Boulevard, Deptford, New Jersey 08096.



## HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY

Statements of Net Position  
December 31, 2012 and 2011

	December 31, 2012		December 31, 2011	
	Primary Government	Component Units	Primary Government	Component Units
<b>ASSETS</b>				
Current assets				
Unrestricted cash and cash equivalents	\$ 3,378,023	\$ 999,369	\$ 2,842,887	\$ 789,888
Restricted cash and cash equivalents	1,249,237	-	1,201,420	-
Unrestricted investments	1,443,583	-	1,434,948	-
Accounts receivable, net of allowance for doubtful accounts of \$17,000 in 2012 and \$9,083 in 2011	21,634	-	11,747	-
Loan receivable from Colonial Park, L.P.	-	135,114	1,050,000	1,135,114
Insurance reimbursement receivable	-	-	-	111,411
Advances to Colonial Park, L.P.	42,811	112,836	95,273	-
Due from affiliate	16,233	80,970	19,483	-
Due from HUD	2,871	-	16,141	-
Due from other governments	30,389	-	28,719	-
Due from primary government	-	175,331	-	-
Due from component units	-	-	126,664	-
Other receivables	181	85,871	2,364	85,871
Escrow deposit	-	5,000	-	-
Inventory	5,724	-	2,704	-
Prepaid expenses	66,124	8,067	58,736	-
Total current assets	6,256,810	1,602,558	6,891,086	2,122,284
Non-current restricted assets				
Cash and cash equivalents	116,546	138,214	56,074	138,059
Investments	-	-	-	-
Total restricted assets	116,546	138,214	56,074	138,059
Capital assets, net	9,662,267	679,408	9,491,653	679,408
Other non-current assets				
Notes receivable	-	11,407,844	-	11,407,844
Development fee receivable from Colonial Park, L.P.	-	400,000	-	400,000
Land lease receivable	-	27,950	-	10,700
Accrued interest on notes receivable	-	3,074,054	-	2,619,078
Due from affiliate	-	154,480	-	185,002
Total other non-current assets	-	15,064,328	-	14,622,624
	<u>\$ 16,035,623</u>	<u>\$ 17,484,508</u>	<u>\$ 16,438,813</u>	<u>\$ 17,562,375</u>
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ 290,311	\$ 230,910	\$ 275,780	\$ 38,663
Tenant funds on deposit	49,681	-	49,434	-
Due to HUD	-	-	8,858	-
Due to other governments	66,370	-	59,575	-
Due to primary government	-	-	-	126,664
Due to component units	175,331	-	-	-
Due to Colonial Park, L.P.	-	-	-	113,394
Current portion of liability for compensated absences	90,316	-	100,152	-
Unearned revenue	24,602	-	93,638	-
Total current liabilities	696,611	230,910	587,437	278,721
Long-term liabilities				
Tenant funds on deposit	115,900	-	56,074	-
Other post-retirement benefits	349,858	-	282,567	-
Liability for compensated absences, net of current portion	82,677	-	58,996	-
Other credits	-	67,858	-	64,026
Total long-term liabilities	548,435	67,858	397,637	64,026
Total liabilities	1,245,046	298,768	985,074	342,747
Net position				
Net investment in capital assets	9,662,267	679,408	9,491,653	679,408
Restricted net position	1,199,606	-	1,151,986	-
Unrestricted net position	3,928,704	16,506,332	4,810,100	16,540,220
Total net position	14,790,577	17,185,740	15,453,739	17,219,628
	<u>\$ 16,035,623</u>	<u>\$ 17,484,508</u>	<u>\$ 16,438,813</u>	<u>\$ 17,562,375</u>

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

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Statements of Revenue, Expenses, and Changes in Net Position**  
**For the Years Ended December 31, 2012 and 2011**

	December 31, 2012		December 31, 2011	
	Primary Government	Component Units	Primary Government	Component Units
Operating revenue				
Federal grant awards	\$ 16,563,094	\$ -	\$ 17,427,719	\$ 136,384
State and local grant awards	208,504	-	246,260	-
Management contract fees	463,578	188,088	1,588,233	49,181
Tenant charges	1,042,844	-	1,017,703	77,803
Interest income on notes receivable	-	457,225	46,459	442,535
Development fee	-	-	-	400,000
Land lease income	-	15,000	-	10,000
Miscellaneous income	60,026	500	48,458	3,655
Total operating revenue	<u>18,338,046</u>	<u>660,813</u>	<u>20,374,832</u>	<u>1,119,558</u>
Operating expenses				
Housing assistance payments	14,546,221	-	15,189,265	-
Personnel services	2,972,253	-	3,657,291	-
Supplies and materials	156,032	-	135,302	-
Contracted services	343,497	386,153	392,573	320,909
Utilities	340,601	-	660,545	-
Other expense	597,938	34,779	547,695	22,133
Depreciation and amortization	919,982	-	882,714	33,295
Total operating expenses	<u>19,876,524</u>	<u>420,932</u>	<u>21,465,385</u>	<u>376,337</u>
Operating income (loss)	<u>(1,538,478)</u>	<u>239,881</u>	<u>(1,090,553)</u>	<u>743,221</u>
Non-operating revenue (expenses)				
Gain on sale of assets	-	-	-	4,125,817
Capital grants	585,595	-	334,793	-
Contributions to/from primary government	-	(272,096)	-	310,000
Contributions to/from component units	272,096	-	(310,000)	-
Insurance recovery, net of casualty loss on building	-	-	-	831,055
Interest income	17,625	2,159	22,132	5,458
Interest expense	-	-	-	(30,931)
Member's share in loss from limited liability company	-	(3,832)	-	-
Total non-operating revenue (expense)	<u>875,316</u>	<u>(273,769)</u>	<u>46,925</u>	<u>5,241,399</u>
Increase (decrease) in net position	<u>(663,162)</u>	<u>(33,888)</u>	<u>(1,043,628)</u>	<u>5,984,620</u>
Net position at the beginning of the year	<u>15,453,739</u>	<u>17,219,628</u>	<u>16,497,367</u>	<u>11,235,008</u>
Net position at the end of the year	<u>\$ 14,790,577</u>	<u>\$ 17,185,740</u>	<u>\$ 15,453,739</u>	<u>\$ 17,219,628</u>

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

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2012 and 2011**

	December 31, 2012		December 31, 2011	
	Primary Government	Component Units	Primary Government	Component Units
<b>Cash flows from operating activities</b>				
Cash received from federal and state assistance programs	\$ 16,519,331		\$ 17,539,131	\$ 136,385
Cash received from management contracts	463,578	\$ 138,140	1,588,233	183,350
Cash received from tenants	1,021,478	-	1,025,892	80,958
Cash received from Colonial Park L.P., net	-	-	-	113,394
Cash received from insurance company for casualty loss in 2010	-	111,412	-	592,600
Other operating cash receipts	61,487	-	103,453	-
Payments to landlords for rent	(14,542,245)	-	(15,193,241)	-
Payments to employees	(2,853,785)	-	(3,542,287)	-
Payments to Colonial Park L.P., net	-	(226,329)	-	-
Payments for goods and services	(1,110,803)	(543,650)	(1,601,554)	(879,466)
<b>Net cash provided by (used in) operating activities</b>	<b>(440,959)</b>	<b>(520,427)</b>	<b>(80,373)</b>	<b>227,221</b>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	(832,296)	-	(352,442)	-
Capital grants received	585,595	-	334,793	-
Repayment of loan to primary government	-	-	800,000	(800,000)
Loan to Colonial Park, L.P.	-	-	(1,050,000)	(1,135,114)
Contribution from primary government to component units	-	-	(310,000)	310,000
Contribution to primary government from component units	272,096	(272,096)	-	-
Loan from primary government to component unit	-	-	-	-
Payments received from Colonial Park, L.P. for purchase of capital assets	-	-	-	672,762
Payments received from Colonial Park, L.P. on note receivable	1,050,000	1,000,000	-	(835,605)
Purchase of capital assets	-	-	-	(1,405,000)
Principal payments on long-term debt	-	-	-	(58,000)
Interest paid on long-term debt	-	-	-	-
<b>Net cash used in capital and related financing</b>	<b>1,075,395</b>	<b>727,904</b>	<b>(577,649)</b>	<b>(3,250,957)</b>
<b>Cash flows from investing activities</b>				
Purchase of restricted investments	-	-	-	-
Proceeds from sales of restricted investments	-	-	-	1,405,388
Purchase of investment securities	(2,321,413)	-	(1,691,340)	-
Proceeds from sales of investments	2,310,018	-	2,348,226	-
Principal payment received on note secured by mortgage	-	-	-	609,778
Interest income received	20,384	2,159	21,863	23,028
<b>Net cash provided by investing activities</b>	<b>8,989</b>	<b>2,159</b>	<b>678,749</b>	<b>2,038,194</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>643,425</b>	<b>209,636</b>	<b>20,727</b>	<b>(985,542)</b>
<b>Cash and cash equivalents - beginning</b>	<b>4,100,381</b>	<b>927,947</b>	<b>4,079,654</b>	<b>1,913,489</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 4,743,806</b>	<b>\$ 1,137,583</b>	<b>\$ 4,100,381</b>	<b>\$ 927,947</b>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (1,538,478)	\$ 239,881	\$ (1,090,553)	\$ 743,221
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	919,982	-	882,714	33,295
Noncash Weatherization grant income	(258,299)	-	(164,524)	-
Equity in net loss of investee	-	-	-	3,737
(Increase) decrease in assets				
Receivables, net	(9,887)	-	2,708	-
Insurance reimbursement receivable	-	111,411	-	592,601
Due from HUD	13,270	-	21,778	-
Due from other governments	(1,670)	-	(3,949)	-
Due from primary government	-	(175,331)	-	-
Due from component units	126,664	-	379,773	-
Inventory	(3,020)	-	(705)	-
Prepaid expenses	(7,388)	(8,067)	(14,877)	15,580
Land Lease Receivable	-	(17,250)	-	-
Accrued interest on notes receivable	-	(454,976)	-	(161,344)
Advances to Colonial Park, L.P.	52,462	(112,836)	(95,273)	-
Due from affiliate	3,250	(50,448)	982	133,669
Other receivables	2,183	-	8,461	(57,327)
Escrow Deposit	-	(5,000)	-	-
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	14,531	192,247	(107,421)	(809,932)
Tenant funds on deposit	60,073	-	(60,170)	-
Due to HUD	(8,858)	-	7,870	-
Due to other governments	6,795	-	2,526	-
Due to primary government	-	(126,664)	-	(379,673)
Due to component units	175,331	-	-	-
Due to Colonial Park, L.P.	-	(113,394)	-	113,394
Liability for compensated absences	13,845	-	5,140	-
Unearned Revenue	(69,036)	-	65,676	-
Other post-retirement benefits	67,291	-	79,471	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (440,959)</b>	<b>\$ (520,427)</b>	<b>\$ (80,373)</b>	<b>\$ 227,221</b>
<b>Reconciliation of cash and cash equivalents to the statement of net position</b>				
Unrestricted cash and cash equivalents - current	\$ 3,378,023	\$ 999,369	\$ 2,842,887	\$ 789,888
Restricted cash and cash equivalents - current	1,249,237	-	1,201,420	-
Restricted cash and cash equivalents - noncurrent	116,546	138,214	56,074	138,059
	<b>\$ 4,743,806</b>	<b>\$ 1,137,583</b>	<b>\$ 4,100,381</b>	<b>\$ 927,947</b>

**Noncash capital and related financing activities**

Seniors Housing Development Corporation acquired capital assets related to fire restoration totaling \$835,605 for the year ended December 31, 2011 and 2010, which was directly reimbursed to the contractor by the insurance company.

The Housing Authority obtained capital assets as a noncash benefit from Gateway Community Action Partnership totaling \$258,299 and \$164,524 for the years ended December 31, 2012 and 2011, respectively, which was funded by the Weatherization grant.

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

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements**

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**Note 1: ORGANIZATION AND ACTIVITY**

The Housing Authority of Gloucester County (the "Authority") was created through a resolution of the Board of Chosen Freeholders of the County of Gloucester in 1972. 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 Board of Chosen Freeholders of the County of Gloucester, one member appointed by the Freeholder Director of the County of Gloucester, and one member appointed by the Commissioner of the New Jersey State Department of Community Affairs.

As of December 31, 2012, the activities of the Authority included the ownership and/or management or oversight management of the following housing programs and projects in Gloucester County, New Jersey:

The Housing Assistance Payments Programs include the Housing Choice Voucher and Moderate Rehabilitation programs. These programs provide 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 1,900 housing units to the Authority.

The Public Housing Program consists of 262 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.

Under the Management Services Programs of the Authority, property management and administrative services are provided for a fee to affiliated not-for-profit corporations and other outside parties providing affordable housing.

The Tenant 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.

The Expanded Housing Opportunities Program consists of 12 Authority-owned single-family dwellings rented to low-income families. Surplus funds previously generated by certain Housing Assistance Payments Programs were used to provide a portion of the purchase price of the properties.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

Reporting entity

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

The Authority is not includable in any other reporting entity. Although the Board of Chosen Freeholders of the County of Gloucester appoints five out of six commissioners, it does not possess the ability to impose its will on the Authority, nor does the Authority meet the criteria of financial benefit/financial burden.

Component units

The component unit column in the financial statements includes the financial data of the Authority's three not-for-profit component units, which function as "instrumentalities" of the Authority, although they are separate legal entities. The three component units are Seniors Housing Development Corporation of Gloucester County (SHDC), Gloucester County Housing Development Corporation (GCHDC) and Affordable Housing Alternatives of Gloucester County, Inc. (AHA). Because the component units included in the financial statements do not meet the criteria for blending, they are reported discretely.

Except for AHA, the component units issue separately audited financial statements. Copies of the component unit financial statements may be obtained from the Authority's accounting department.

Until February 2011, SHDC owned a 200-unit housing complex for the elderly. The Authority provided management services to the corporation including performing daily accounting and administrative duties, such as the collection of rents and fees from tenants, processing disbursements, and preparing financial statements. The amount of the management fee earned was \$0 in 2012 and \$237,726 in 2011. In accordance with the agreement, except for debt service, payments in lieu of real estate taxes, insurance costs, certain major maintenance projects and certain capital improvements, the Authority was responsible for all costs required to operate and maintain the rental property of Seniors Housing Development Corporation. Beginning in January 2012, SHDC is the management company for Colonial Park, L.P. eMurphyg, Inc., a component unit of SHDC, holds a .01% interest in Colonial Park, L.P. SHDC charges the project a fee for bookkeeping and management services. The fees are \$6.20 and \$52.55 per unit per month, respectively. The bookkeeping fee is capped at \$960 per month.

GCHDC is also a component unit of the Authority and a 501(c)(3) organization. The Authority and GCHDC have interlocking boards of trustees/commissioners and common management. GCHDC currently owns land on which an affordable housing project, as well as facilities for the administrative offices of the Authority, is located. GCHDC assisted in the development of the complex and leases the land to Pop Moylan Urban Redevelopment Company, LLC, ("Pop Moylan") a for-profit, limited liability company. A wholly-owned, for-profit subsidiary of GCHDC, PMURC, Inc. holds a 1% general partner interest in Pop Moylan. GCHDC has also provided financing to Pop Moylan through notes receivable secured by second and third mortgages on the building. The Authority provides certain accounting and administrative services to GCHDC. In 2012 and 2011, the only transactions between the Authority and GCHDC consisted of reimbursements by GCHDC for expenditures made by the Authority on behalf of GCHDC.

AHA is a 501(c)(3) organization that was formed in December 2000 to develop additional affordable housing in Gloucester County, New Jersey.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

Basis of presentation

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (iii) that the pricing policies of the activity establish fees and charges, designated to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Water and sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that water distribution and sewage collection services are being provided to the properties.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses / expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

Budgets and budgetary control

The Authority prepares an annual budget as required by N.J.S.A. 40A:5A-10. The Authority's budget includes all operations of the Authority, exclusive of its component units. 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 December 31, 2012 and 2011 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.

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 and are stated at fair value, which approximates cost. Such is the definition of cash and cash equivalents used in the statement of cash flows. Investments are generally reported at fair value, which is determined using selected bases. Certain component unit investments consisting of repurchase agreements (non-participating investment contracts) are carried at cost.

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 governments units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Additionally, 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. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

Cash and cash equivalents and investments (continued)

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks, or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

Prepaid expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2012.

Capital assets and depreciation

Land, buildings, furniture and equipment, and leasehold improvements are carried substantially at cost. All additions and betterments are charged to the capital assets 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.

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	10 to 20 years
Furniture and equipment	3 to 10 years

Compensated absences

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

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

Unearned revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measureable and the Authority is eligible to realize the revenue.

Restricted assets

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

In early 2011, certain Seniors Housing Development Corporation cash and investments, held by a trustee, were restricted in accordance with the terms of a trust indenture for the payment of debt service, major capital improvements, and other specified purposes. In February 2011 these cash and investments were utilized to defease the Corporation's debt.

Net position

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

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

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

Unrestricted net position – This component of net position consists of net position that do not meet the definitions of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115. The not-for-profit component units claim exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, do not record a provision for income taxes on related income.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

Operating and non-operating revenues and expenses

The major sources of revenue are various subsidies from the U.S. Department of Housing and Urban Development, state financial assistance, 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.

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. For the Moderate Rehabilitation program, a year-end settlement is computed, and the underpaid or overpaid amount, if any, is considered to be an amount due to or from HUD. Advance payments received for the subsequent fiscal year are recorded as unearned revenue. Until late February 2011 when the Colonial Park apartment building was sold to Colonial Park, L.P., Seniors Housing Development Corporation receives Section 8 payments in an amount determined annually in accordance with its Housing Assistance Payments Contract. This contract was transferred to Colonial Park L.P. in May 2011.

State financial assistance applicable to the Tenant 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 has provided property management and administrative services to certain outside parties providing affordable housing and administrative services to Seniors Housing Development Corporation and Gloucester County Housing Development Corporation. Seniors Housing Development Corporation receives management contract fees from Colonial Park, L.P. related to the provision of housing for persons of low-income. Gloucester County Housing Development Corporation receives management contract fees from Pop Moylan Urban Redevelopment Company, LLC related to the provision of housing for persons of low-income. Certain management fees for these services are determined annually based on formulas prescribed in the individual management contracts, while one management contract provides for a fixed annual management fee. 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 unearned revenue.

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

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

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.

New accounting standards adopted

During the year ended December 31, 2012, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB). Implementation of these statements had no material impact on the Authority's 2012 financial statements.

*Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* - Issued in November 2010, the objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements."

This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

New accounting standards adopted (continued)

*Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* - Issued in June 2011, this Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

New accounting standards pronouncements to be implemented in the future

The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

*Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* - Issued in November 2010, the objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

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

*Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34 (continued)*

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the “substantively the same governing body” criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.

*Statement No. 65, Items Previously Reported as Assets and Liabilities* - Issued in March 2012, this Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

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

*Statement No. 65, Items Previously Reported as Assets and Liabilities (continued)*

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

*Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62* - Issued in March 2012, The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

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

*Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* - Issued in June 2012, The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

Statement No. 68, Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

This Statement and Statement 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered, as follows:

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

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

*Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25 (continued)*

- Single-employer pension plans—those in which pensions are provided to the employees of only one employer (as defined in this Statement)
- Agent multiple-employer pension plans (agent pension plans)—those in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees
- Cost-sharing multiple-employer pension plans (cost-sharing pension plans) those in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

*Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* - Issued in June 2012, The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Statement No. 67, Financial Reporting for Pension Plans, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

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

*Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (continued)*

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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

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

*Statement No. 69, Government Combinations and Disposals of Government Operations* - Issued in January 2013, This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

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

Cash and cash equivalents

Custodial credit risk related to deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority's formal policy regarding custodial credit risk is the same as described in Note 2 and included in its cash management plan. N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority and Component Units in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority and Component Units relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

**Note 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

As of December 31, 2012, the bank balances of \$4,786,754 and \$1,142,785 of the Authority and the Component Units, respectively, were insured or collateralized as follows:

	<u>Authority</u>	<u>Component Units</u>
Insured	\$ 250,000	\$ 250,000
Collateralized under GUDPA	4,536,574	-
Uninsured or uncollateralized	<u>-</u>	<u>892,785</u>
	<u><u>\$ 4,786,574</u></u>	<u><u>\$ 1,142,785</u></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 or applicable component unit'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. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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 limit the risks associated with investing as listed above. See note 2 for detail of these policies.

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. The Authority's investments are in certificates of deposit and total \$1,443,583 as of December 31, 2012.

**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 also established a restricted cash account to hold money the Authority has set aside for tenants participating in the Family Self-Sufficiency Program. The purpose of the program is to reduce dependency on housing assistance. Participants can withdraw monies from their account to pay for certain expenditures, including the purchase of a home.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

**Note 4: RESTRICTED ASSETS (CONTINUED)**

The Authority's restricted cash is as follows:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Housing Assistance Payments	\$ 1,199,606	\$ 1,151,986
Tenant security deposits	49,631	49,434
Family Self-Sufficiency deposits	<u>116,546</u>	<u>56,074</u>
	<u>\$ 1,365,783</u>	<u>\$ 1,257,494</u>

By the terms of a trust indenture, Seniors Housing Development Corporation was required in early 2011, to maintain certain restricted cash deposit and short-term investment accounts on deposit with the trustee bank. These cash, cash equivalents, and investments were classified as short-term or long-term according to their purpose.

Pop Moylan Urban Redevelopment Company LLC, a subsidiary of Gloucester County Development Corporation, was required to establish a restricted cash account to fund project operations when there is insufficient operating cash available. As of December 31, 2012 and 2011, respectively, the balance of the restricted cash account was \$138,214 and \$138,059 and is included in restricted cash in the component unit column of the financial statements.

**Note 5: LOAN RECEIVABLE/PAYABLE**

In October 2010, the Authority entered into an agreement with SHDC whereby a loan was made to complete certain building renovations for up to \$1,750,000 at a rate of 7% on the unpaid balance of the principal outstanding. During 2010, the SHDC drew down \$800,000 on the amount available. Interest expense on this loan was \$0 and \$12,849 for the years ended December 31, 2012 and 2011, respectively. This loan was paid in full by SHDC in 2011.

In addition, in connection with the development activities at Colonial Park Apartments, the Authority loaned Colonial Park, L.P. \$1,050,000. Interest in the amount of \$29,468 was accrued and paid during 2011. This loan was repaid by Colonial Park, L.P. in full during 2012.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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**Note 6: NOTES RECEIVABLE**

Gloucester County Housing Development Corporation has two notes receivable, which are valued at cost, from Pop Moylan, a related party described in Note 2. Both notes are non-recourse and collateralized by the building containing an affordable housing project.

Payments on both mortgages are due only to the extent of net cash flow, as defined in the Amended and Restated Operating Agreement between Pop Moylan and PMURC, Inc. The notes provide that, except for the required final payment of principal and accrued interest on January 1, 2028, the failure of Pop Moylan to make any of the scheduled payments of principal or interest will not constitute a default. No payments of principal or interest were received on the scheduled due dates of January 1, 1999 through December 31, 2012.

Second mortgage – GCHDC has a mortgage note receivable with Pop Moylan. This mortgage is subordinated to a first mortgage of Pop Moylan with New Jersey Housing Mortgage Finance Agency (NJHMFA). The mortgage bears interest at the rate of 5.03% on the outstanding principal balance. Annual payments of \$188,664 are due commencing on January 1, 1999 and continuing every January 1 through 2027. As of December 31, 2012 and 2011, outstanding principal was \$2,687,622, and accrued interest was \$2,116,579 and \$1,980,579, respectively.

Third mortgage – GCHDC has a mortgage note receivable with Pop Moylan. This mortgage is subordinated to a first mortgage of Pop Moylan with NJHMFA and the second mortgage with GCHDC described above. The mortgage bears interest at the rate of 5.03% on the outstanding principal balance. Annual payments of \$34,458 are due commencing on January 1, 1999, and continuing every January 1 through 2027. As of December 31, 2012 and 2011, the outstanding principal was \$520,000, and accrued interest was \$416,092 and \$389,864, respectively.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

**Note 7: CAPITAL ASSETS**

The Authority's capital assets activity for the years ended December 31, 2012 and 2011 was as follows:

	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012
Land	\$ 715,200			\$ 715,200
Buildings	21,469,642	\$ 218,268		21,687,910
Furniture and equipment	1,457,874	615,492		2,073,366
Construction in progress	296,823	211,902		508,725
Leasehold improvements	349,219	44,933		394,152
	24,288,758	1,090,595	-	25,379,353
Less accumulated depreciation	14,797,105	919,981	-	15,717,086
Net capital assets	<u>\$ 9,491,653</u>	<u>\$ 170,614</u>	<u>\$ -</u>	<u>\$ 9,662,267</u>

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
Land	\$ 715,200			\$ 715,200
Buildings	21,448,387	\$ 21,255		21,469,642
Furniture and equipment	1,310,198	203,389	\$ 55,713	1,457,874
Construction in progress	4,501	292,322		296,823
Leasehold improvements	349,219			349,219
	23,827,505	516,966	55,713	24,288,758
Less accumulated depreciation	13,970,104	882,714	55,713	14,797,105
Net capital assets	<u>\$ 9,857,401</u>	<u>\$ (365,748)</u>	<u>\$ -</u>	<u>\$ 9,491,653</u>

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

**Note 7: CAPITAL ASSETS (continued)**

Component unit capital assets activity for the years ended December 31, 2012 and 2011 was as follows:

	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012
Land	\$ 679,408			\$ 679,408
Buildings	-			-
Furniture and equipment	-			-
Construction in progress	-			-
	679,408			679,408
Less accumulated depreciation	-			
Net capital assets	<u>\$ 679,408</u>			<u>\$ 679,408</u>

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
Land	\$ 679,408			\$ 679,408
Buildings	7,128,029		\$ 7,128,029	-
Furniture and equipment	235,835		235,835	-
Construction in progress	3,007,202		3,007,202	-
	11,050,474		10,371,066	679,408
Less accumulated depreciation	5,620,689	\$ 30,615	5,651,304	
Net capital assets	<u>\$ 5,429,785</u>	<u>\$ (30,615)</u>	<u>\$ 4,719,762</u>	<u>\$ 679,408</u>

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

**Note 8: 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 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members enrolled in the Public Employees' Retirement System are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability, and also for the annual installment for the accrued liability for early retirement incentive benefits. Public Law 2009, c. 19 (S-21) was enacted on March 17, 2009 and allowed the Division of Pensions and Benefits to provide non-state government pensions system employers the option of paying the full amount, or an amount that reflects 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 as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by Authority</u>
2012	\$ 78,368	\$ 156,736	\$ 14,979	\$ 250,083
2011	85,519	136,269	16,845	238,633
2010	68,729	88,309	21,778	178,816

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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**Note 9: OTHER POST-RETIREMENT BENEFITS**

State Health Benefits Program

Plan Description - The Authority contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1991, the Authority authorized participation in the SHBP's post-retirement benefit program through resolution number 91-63. Eligibility to participate in the SHBP's post-retirement benefit program begins after 25 years of credited service with the Authority or if the employee retires on disability pensions based on fewer years of services credited in the retirement system. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Authority on a monthly basis. Beginning in 2011, employees were required to contribute to the SHBP. Payments made by plan members or beneficiaries receiving benefits at December 31, 2012 and 2011 totaled \$36,571 and \$30,410, respectively.

The Authority contributions to SHBP for post-retirement benefits for the years ended December 31, 2012, 2011, and 2010, were \$90,639, \$61,093 and \$56,788, respectively, which equaled the required contributions for each year. There were approximately 15, 9, and 9 retired participants eligible at December 31, 2012, 2011, and 2010, respectively.

Medicare Part B Reimbursement Plan

Beginning in 2008, 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 Plan provides Medicare Part B reimbursement to eligible retirees in addition to benefits provided through the State Pension Fund. In accordance with resolution number 09-67 dated July 22, 2009, this plan was terminated for new employees hired from that date forward. This is considered a single-employer defined benefit healthcare plan.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

**Note 9: OTHER POST-RETIREMENT BENEFITS (continued)**

Medicare Part B Reimbursement Plan (continued)

As of December 31, 2012, there were 6 eligible employees who had retired and 3 retiree spouses. One hundred percent of all future eligible retirees will be reimbursed for 100% of their Medicare part B premiums.

Funding Policy - Contribution requirements are based on the Medicare Part B premiums applicable for current retirees and payments are made on a pay-as-you-go basis. The Authority contributes 100 percent of the cost of current-year Medicare Part B premiums for eligible retired plan members and their spouses. For the years ended December 31, 2012 and 2011, the Authority contributed \$9,890 and \$6,476 to the plan, respectively.

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 Medicare Part B Reimbursement Plan:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Normal Cost	\$ 39,537	\$ 48,793	\$ 48,793
Amortization Payment	37,644	37,154	37,154
Interest on Net OPEB Obligation	-	-	-
Adjustment to ARC	-	-	-
Annual Required Contribution (Expense)	77,181	85,947	85,947
Cotributions Made	(9,890)	(6,476)	(6,947)
Net OPEB Obligation - Beginning of Year	282,567	203,096	124,096
Net OPEB Obligation - End of Year	\$ 349,858	\$ 282,567	\$ 203,096

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year ended December 31, 2012 and the prior year were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2010	\$ 85,947	8.1%	\$ 203,096
12/31/2011	85,947	7.5%	282,567
12/31/2012	77,181	12.8%	349,858

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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**Note 9: OTHER POST-RETIREMENT BENEFITS (continued)**

Medicare Part B Reimbursement Plan (continued)

Funded Status and Funding Progress - As of January 1, 2012, the actuarial accrued liability for benefits was \$978,740, all of which was unfunded. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$1,974,779, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 49.6 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 at age 65, or at the first subsequent year in which the member would qualify for benefits.

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

*Mortality*—Life expectancies were based on mortality tables from the Internal Revenue Service.

*Turnover*—Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

*Medicare Part B cost trend rate*—The expected rate of increase in Medicare Part B insurance premiums was based on projections of the Boards of Trustees, Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. A rate of 0.5 percent initially, rising to an ultimate rate of 3.4 percent after five years, was used.

*Medicare Part B premiums*—Current and future estimates of Medicare Part B premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

**Note 9: OTHER POST-RETIREMENT BENEFITS (continued)**

Medicare Part B Reimbursement Plan (continued)

Based on Federal Reserve discount rates in effect in the Philadelphia area in February 2010, a discount rate of .75 percent was used. The unfunded actuarial accrued liability is being amortized ratably over thirty years. The remaining amortization period at January 1, 2012, was twenty-six years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress for the Retiree Health Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1/1/2008	\$ -	\$ 916,310	\$ 916,310	\$ -	\$ 2,265,560	40.4%
1/1/2010	-	1,040,300	1,040,300	-	1,567,757	66.4%
1/1/2012	-	978,740	978,740	-	1,974,779	49.6%

**Note 10: COMPENSATED ABSENCES**

Employees earn vacation and sick leave in varying amounts based upon length of service. Earned but unused vacation leave must be taken in the succeeding year. One-half of earned but unused sick leave can be "bought back" at year end or accrued and carried into the succeeding year. Upon termination, employees are paid for accumulated vacation and fifty percent of accumulated sick time earned.

The following summarizes compensated absences at year end:

	December 31,	
	2012	2011
	Compensated Absences	Compensated Absences
Beginning balance	\$ 159,148	\$ 154,008
Increase	273,254	285,681
Decrease	259,409	280,541
Ending balance	172,993	159,148
Current portion	\$ 90,316	\$ 100,152

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

**Note 11: COMPONENT UNIT INFORMATION**

Summarized financial information for the three component units, Seniors Housing Development Corporation of Gloucester County (SHDC), Gloucester County Housing Development Corporation and subsidiary (GCHDC), and Affordable Housing Alternatives of Gloucester County, Inc. (AHA) as of and for the years ended December 31, 2012 and 2011 is as follows:

Statements of Net Position – December 31, 2012

	SHDC	GCHDC	AHA	Total
<b>ASSETS</b>				
Current assets	\$ 1,291,720	\$ 196,331	\$ 114,507	\$ 1,602,558
Non-current restricted cash and investments		138,214		138,214
Capital assets	280,323	399,085		679,408
Other noncurrent assets	9,169,555	5,894,773		15,064,328
 Total assets	<u>\$ 10,741,598</u>	<u>\$ 6,628,403</u>	<u>\$ 114,507</u>	<u>\$ 17,484,508</u>
 <b>LIABILITIES AND NET POSITION</b>				
Current liabilities	\$ 222,110	\$ 7,175	\$ 1,625	\$ 230,910
Non-current liabilities		67,858		67,858
 Total liabilities	<u>222,110</u>	<u>75,033</u>	<u>1,625</u>	<u>298,768</u>
 Net investment in capital assets	280,323	399,085		679,408
Unrestricted	10,239,165	6,154,285	112,882	16,506,332
 Total net position	<u>10,519,488</u>	<u>6,553,370</u>	<u>112,882</u>	<u>17,185,740</u>
	<u>\$ 10,741,598</u>	<u>\$ 6,628,403</u>	<u>\$ 114,507</u>	<u>\$ 17,484,508</u>

Statement of Revenue and Expenses and Changes in Net Position – December 31, 2012

	SHDC	GCHDC	AHA	Total
Operating revenue	\$ 447,638	\$ 213,175		\$ 660,813
Operating expenses	355,903	63,379	\$ 1,650	420,932
Operating income (loss)	91,735	149,796	(1,650)	239,881
Non-operating income (expenses)	(270,420)	(3,401)	52	(273,769)
Change in net position	(178,685)	146,395	(1,598)	(33,888)
Beginning net position	10,698,173	6,406,975	114,480	17,219,628
Ending net position	<u>\$ 10,519,488</u>	<u>\$ 6,553,370</u>	<u>\$ 112,882</u>	<u>\$ 17,185,740</u>

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

Note 11: **COMPONENT UNIT INFORMATION (continued)**

Statements of Net Position – December 31, 2011

	SHDC	GCHDC	AHA	Total
<b>ASSETS</b>				
Current assets	\$ 2,228,197	\$ 179,607	\$ 114,480	\$ 2,522,284
Non-current restricted cash and investments		138,059		138,059
Capital assets	280,323	399,085		679,408
Other noncurrent assets	8,459,556	5,763,068		14,222,624
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 10,968,076</u>	<u>\$ 6,479,819</u>	<u>\$ 114,480</u>	<u>\$ 17,562,375</u>
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities	\$ 269,903	\$ 8,818		\$ 278,721
Non-current liabilities		64,026		64,026
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>269,903</u>	<u>72,844</u>	<u>                    </u>	<u>342,747</u>
Net investment in capital assets	280,323	399,085		679,408
Unrestricted	10,417,850	6,007,890	114,480	16,540,220
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total net position	<u>10,698,173</u>	<u>6,406,975</u>	<u>114,480</u>	<u>17,219,628</u>
	<u>\$ 10,968,076</u>	<u>\$ 6,479,819</u>	<u>\$ 114,480</u>	<u>\$ 17,562,375</u>

Statement of Revenue and Expenses and Changes in Net Position – December 31, 2011

	SHDC	GCHDC	AHA	Total
Operating revenue	\$ 908,534	\$ 211,024		\$ 1,119,558
Operating expenses	312,886	51,936	\$ 11,515	376,337
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating income (loss)	595,648	159,088	(11,515)	743,221
Non-operating income (expenses)	5,181,016	324	60,059	5,241,399
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in net position	5,776,664	159,412	48,544	5,984,620
Beginning net position	4,921,509	6,247,563	65,936	11,235,008
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Ending net position	<u>\$ 10,698,173</u>	<u>\$ 6,406,975</u>	<u>\$ 114,480</u>	<u>\$ 17,219,628</u>

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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**Note 11: COMPONENT UNIT INFORMATION (continued)**

Seniors Housing Development Corporation:

Operating expenses of SHDC for years ending December 31, 2012 and 2011 include depreciation and amortization in the amount of \$0 and \$33,295, respectively.

On August 22, 2010, a fire caused significant damage to approximately one-third of the rental units of Colonial Park. Tenants were relocated to other accommodations and were not returned to their apartments until April of 2011. As a result, the project received no rental income for 65 units from either tenants or HUD for the period from September 1 through December 31, 2010. The insurance carrier is paying the costs of required physical restoration of the property directly to the contractor. Restoration work completed during 2011 totaled \$835,605, and this amount was paid by the insurance carrier during 2011.

Reimbursement for the value of the lost rental income, along with other costs incident to the fire, was sought from the insurance carrier. A total of \$1,422,451 was submitted to the insurance carrier for costs incurred in 2010 and 2011, and, as of December 31, 2011, a cumulative total of \$1,175,270 was received. A receivable of \$111,411 was recorded as of December 31, 2011 based on a settlement reached by the insurance carrier in 2012. As of December 31, 2012, all costs approved by the insurance carrier have been reimbursed.

In December 2009, the Board of Directors approved the plan to make extensive renovations and upgrades to the apartment complex. Financing for the renovations is being obtained from mixed financing involving a note payable secured by a mortgage from New Jersey Home Mortgage Finance Administration (NJHMFA), investment by a for-profit entity interested in obtaining the 4% tax credits, and financing from other sources. In December 2010, a new entity, Colonial Park, L.P. (CPLP), was formed to carry out the substantial renovation of the Colonial Park Apartments. In order to effectuate the financing, in February 2011, the Corporation sold the apartment building to Colonial Park, L.P. (CPLP). Development costs incurred to date and furniture and equipment were sold to CPLP in separate transactions.

The Corporation serves as developer for the substantial renovation of the Colonial Park Apartments. For the performance of this function, the Corporation will earn a development fee of \$3,065,643. An amount of \$400,000 was earned in accordance with the Amended and Restated Development Services Agreement dated December 8, 2011 and was accrued in 2011. The balance will be earned upon issuance of a certificate of occupancy.

SHDC has a note receivable from CPLP, secured by a mortgage on the Colonial Park apartment complex. The current outstanding principal balance is \$8,200,222. Interest is charged at a rate of 3.57%. The note has no specific maturity date. This loan is a nonrecourse loan as to all general partners of CPLP and is due to be repaid in annual principal payments plus accrued interest beginning June 1, 2012 from available cash flow after payment of certain expenses and fees as defined in the Third Amended and Restated Partnership Agreement of CPLP. No payment was made in June 2012. Interest in the amount of \$541,383 and \$248,635 has been accrued as of December 31, 2012 and 2011, respectively.

In connection with the renovation activities, the Corporation also provided temporary funding to CPLP in the amount \$1,135,114. Interest on this loan was paid to the Corporation in 2011 in the amount of \$31,856. During 2012, CPLP repaid the Corporation \$1,000,000, and the balance of \$135,114 at December 31, 2012 was repaid during 2013.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

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**Note 11: COMPONENT UNIT INFORMATION (continued)**

SHDC leases the land on which the project is situated to CPLP. The lease is payable at varying amounts scheduled each year in the land lease. No payments on this lease were made during 2011 or 2012. Lease principal and interest of \$27,950 and \$10,700 has been accrued as of December 31, 2012 and 2011, respectively. Lease amounts due in 2012 and 2011 were \$15,000 and \$10,000 as of December 31, 2012 and 2011, respectively.

Beginning in January 2012, SHDC served as the management company for CPLP. SHDC charges the project a fee for bookkeeping and management services. The fees are \$6.20 and \$52.55 per unit per month, respectively. The bookkeeping fee is capped at \$960 per month. At December 31, 2012, SHDC paid management and bookkeeping fees of \$126,120 and \$11,520, respectively to CPLP.

Amounts due from CPLP totaled \$112,836 at December 31, 2012 and amounts due to CPLP totaled \$113,394 at December 31, 2011.

Additionally during 2012, the Corporation made contributions to the Authority totaling \$272,096 for software, equipment, and other items. During 2011, the Authority made a contribution to the Corporation for various operating needs for \$250,000.

On July 21, 2012, the Corporation entered into a conditional agreement to purchase the property located at 341 Evergreen Avenue, Woodbury, Gloucester County, New Jersey for \$145,000. An escrow deposit of \$5,000 was made at this time. Settlement on the property occurred on March 8, 2013.

The 2011 component unit statements has been restated to include net position of eMurphyg, Inc., a component unit of SHDC, totaling \$1,279.

**Note 12: OPERATING LEASE**

The Authority leases office facilities from Pop Moylan Urban Redevelopment Company, LLC (a related party described in Note 2) under a 40-year noncancellable lease which requires annual rental payments of \$96,450 to be paid in equal monthly installments for the life of the lease which expires in December 2037. The lease may be renewed for a period of ten years after the expiration of the original term on the same terms as the original agreement.

**Note 13: COMMITMENTS**

As of December 31, 2012, the Authority had commitments to expend approximately \$188,292 for various capital improvements and related costs for the 2009, 2010, 2011, and 2012 Capital Fund Programs.

**Note 14: CONTINGENCIES**

The Authority and its component units manage risk through the procurement of commercial insurance policies. There have been no significant reductions in insurance coverage during the year ended December 31, 2012. Settled claims have not exceeded commercial coverage in recent years.

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

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Financial Statements (continued)**

**Note 15: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

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.

Within the Authority

<u>Due to Other Programs</u>	<u>Due from Other Programs</u>	
Revolving Fund	Colonial Park	\$ 280,456
Revolving Fund	Moderate Rehabilitation 5	16,873
Revolving Fund	PHA Owned Housing Program	45,876
Revolving Fund	Housing Choice Voucher	34,781
Congregate	Revolving Fund	40,028
Expanded Housing Opportunities	Revolving Fund	33,648
Housing Assistance Payments Program	Revolving Fund	7,613
Capital Fund	Revolving Fund	44
Capital Fund	PHA Owned Housing Program	108
		<u>\$ 459,427</u>

Between the Authority and Component Units

<u>Due to (from) Authority</u>	<u>Due to (from) Component Units</u>	
Revolving Fund	GCHDC	\$ (3,420)
Revolving Fund	SHDC	178,751
		<u>\$ 175,331</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.

eMurphyg, Inc., which is a component unit of SHDC had a payable to SHDC of \$1,766 at December 31, 2012.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**

**SUPPLEMENTARY INFORMATION**

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

**DECEMBER 31, 2012**

HOUSING AUTHORITY OF GLOUCESTER COUNTY  
Financial Data Schedule  
Central Office and Project Balance Sheet  
Year Ended December 31, 2012

Line Item No.	Description	COCC Total	Total Projects	NJ204000001	NJ204000003	NJ204000004
111	Cash-unrestricted	57,543	335,441	143,805	136,456	55,180
112	Cash-restricted-modernization and development		-			
113	Cash-other restricted		-			
114	Cash-tenant security deposits		40,850	28,323	6,163	6,364
115	Cash - Restricted for payment of current liability		-			
100	<b>Total Cash</b>	<b>57,543</b>	<b>376,291</b>	<b>172,128</b>	<b>142,619</b>	<b>61,544</b>
121	Accounts receivable - PHA projects		-			
122	<b>Accounts receivable - HUD other projects</b>	<b>20,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
124	Account receivable - other government		-			
125	<b>Account receivable - miscellaneous</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
126	Accounts receivable - tenants		27,469	18,263	4,546	4,660
126.1	Allowance for doubtful accounts - tenants		(13,700)	(8,600)	(3,000)	(2,100)
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	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>20,800</b>	<b>13,769</b>	<b>9,663</b>	<b>1,546</b>	<b>2,560</b>
131	Investments - unrestricted	183	884,608	308,457	401,459	174,692
132	Investments - restricted		-			
135	Investments - Restricted for payment of current liability		-			
142	Prepaid expenses and other assets	5,566	22,300	10,551	3,547	8,202
143	Inventories		-			
143.1	Allowance for obsolete inventories		-			
144	Inter program - due from	30,500	15,332	15,332	-	-
145	Assets held for sale		-			
150	<b>Total Current Assets</b>	<b>114,592</b>	<b>1,312,300</b>	<b>516,131</b>	<b>549,171</b>	<b>246,998</b>
161	Land		439,000	274,000	25,000	140,000
162	Buildings		21,201,551	7,909,478	7,437,070	5,855,003
163	Furniture, equipment and machinery - dwellings		358,380	48,478	101,885	208,017
164	Furniture, equipment and machinery - administration	427,020	557,415	66,611	324,093	166,711
165	Leasehold improvements	171,773	-		-	-
166	Accumulated depreciation	(488,109)	(14,244,559)	(5,512,717)	(4,917,691)	(3,814,151)
167	Construction in progress		261,250	-	242,807	18,443
168	Infrastructure		-			
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>110,684</b>	<b>8,573,037</b>	<b>2,785,850</b>	<b>3,213,164</b>	<b>2,574,023</b>
171	<b>Notes, Loans, &amp; mortgages receivable – Non-current</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
172	<b>Notes, Loans, &amp; mortgages receivable – Non-current - past due</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
173	Grants receivable – Non-current		-			
174	<b>Other assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
176	<b>Investment in joint venture</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
180	<b>Total Non-current Assets</b>	<b>110,684</b>	<b>8,573,037</b>	<b>2,785,850</b>	<b>3,213,164</b>	<b>2,574,023</b>
190	<b>Total Assets</b>	<b>225,276</b>	<b>9,885,337</b>	<b>3,301,981</b>	<b>3,762,335</b>	<b>2,821,021</b>
311	Bank overdraft		-			
312	Accounts payable <= 90 days	96,780	-	-	-	-
313	Accounts payable > 90 days past due		-			
321	Accrued wage/payroll taxes payable		-			
322	Accrued compensated absences - current portion	5,135	16,280	9,125	2,823	4,332
324	Accrued contingency liability		-			
325	Accrued interest payable		-			
331	<b>Accounts payable - HUD PHA Programs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
332	Accounts payable - PHA Projects		-			
333	Accounts payable - other government		54,671	24,350	15,370	14,951
341	Tenant security deposits		40,901	28,323	6,213	6,365
342	<b>Unearned revenue</b>	<b>-</b>	<b>6,005</b>	<b>1,852</b>	<b>1,759</b>	<b>2,394</b>
343	<b>Current portion of long-term debt - capital projects/mortgage revenue bonds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

HOUSING AUTHORITY OF GLOUCESTER COUNTY  
Financial Data Schedule  
Central Office and Project Balance Sheet  
Year Ended December 31, 2012

Line Item No.	Description	COCC Total	Total Projects	NJ204000001	NJ204000003	NJ204000004
344	Current portion of long-term debt - operating borrowings		-			
345	Other current liabilities		-			
346	Accrued liabilities - other		-			
347	Inter program - due to		-			
348	<b>Loan liability - current</b>		-	-	-	-
310	<b>Total Current Liabilities</b>	<b>101,915</b>	<b>117,857</b>	<b>63,650</b>	<b>26,165</b>	<b>28,042</b>
			-			
351	<b>Capital Projects/ Mortgage Revenue Bonds</b>	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings		-			
353	Non-current liabilities - other		15,332	15,332	-	
354	Accrued compensated absences- Non-current	3,016	9,560	5,359	1,657	2,544
355	<b>Loan liability - Non-current</b>		-	-	-	-
356	FASB 5 Liabilities		-			
357	Accrued Pension and OPEB Liability		-			
350	<b>Total Non-Current Liabilities</b>	<b>3,016</b>	<b>24,892</b>	<b>20,691</b>	<b>1,657</b>	<b>2,544</b>
			-			
300	<b>Total Liabilities</b>	<b>104,931</b>	<b>142,749</b>	<b>84,341</b>	<b>27,822</b>	<b>30,586</b>
			-			
508.1	Net investment in capital assets	110,684	8,573,037	2,785,850	3,213,164	2,574,023
511.1	Restricted Net Position		-			
512.1	Unrestricted Net Position	9,661	1,169,551	431,790	521,349	216,412
513	<b>Total Equity/Net Position</b>	<b>120,345</b>	<b>9,742,588</b>	<b>3,217,640</b>	<b>3,734,513</b>	<b>2,790,435</b>
			-			
600	<b>Total Liabilities and Equity/Net position</b>	<b>225,276</b>	<b>9,885,337</b>	<b>3,301,981</b>	<b>3,762,335</b>	<b>2,821,021</b>

HOUSING AUTHORITY OF GLOUCESTER COUNTY  
Financial Data Schedule  
Central Office and Project Income Statement  
Year Ended December 31, 2012

Line Item No.	Description	COCC Total	Operations	Capital Fund	Total Projects	NJ204000001	Operating Fund Program	Capital Fund Program	NJ204000003	Operating Fund Program	Capital Fund Program	NJ204000004	Operating Fund Program	Capital Fund Program
70300	Net tenant rental revenue	-			851,157	268,734	268,734		290,810	290,810		291,613	291,613	
70400	Tenant revenue - other	-			3,157	2,260	2,260		546	546		351	351	
70500	<b>Total Tenant Revenue</b>	-	-	-	<b>854,314</b>	<b>270,994</b>	<b>270,994</b>	-	<b>291,356</b>	<b>291,356</b>	-	<b>291,964</b>	<b>291,964</b>	-
70600	<b>HUD PHA operating grants</b>	-		-	<b>402,083</b>	<b>105,950</b>	<b>97,296</b>	<b>8,654</b>	<b>150,289</b>	<b>136,330</b>	<b>13,959</b>	<b>145,844</b>	<b>131,885</b>	<b>13,959</b>
70610	Capital grants	-		-	585,596	180,088		180,088	255,170		255,170	150,338		150,338
70710	Management Fee	240,627	204,055	36,572	-	-			-			-		
70720	Asset Management Fee	31,440	31,440		-	-			-			-		
70730	Book-Keeping Fee	23,108	23,108		-	-			-			-		
70740	Front Line Service Fee	-			-	-			-			-		
70750	Other Fees	-			-	-			-			-		
70700	<b>Total Fee Revenue</b>	<b>295,175</b>	<b>258,603</b>	<b>36,572</b>	<b>-</b>	<b>-</b>			<b>-</b>			<b>-</b>		
70800	Other government grants	-			258,299	-			258,299	258,299		-	-	
71100	<b>Investment income - unrestricted</b>	<b>46</b>	<b>46</b>		<b>3,944</b>	<b>1,287</b>	<b>1,287</b>		<b>1,634</b>	<b>1,634</b>		<b>1,023</b>	<b>1,023</b>	
71200	Mortgage interest income	-			-	-			-			-		
71300	Proceeds from disposition of assets held for sale	-			-	-			-			-		
71310	Cost of sale of assets	-			-	-			-			-		
71400	<b>Fraud recovery</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
71500	Other revenue	-	-		59,882	-	-		55,704	55,704		4,178	4,178	
71600	Gain or loss on sale of capital assets	-			-	-			-			-		
72000	<b>Investment income - restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
70000	<b>Total Revenue</b>	<b>295,221</b>	<b>258,649</b>	<b>36,572</b>	<b>2,164,118</b>	<b>558,319</b>	<b>369,577</b>	<b>188,742</b>	<b>1,012,452</b>	<b>743,323</b>	<b>269,129</b>	<b>593,347</b>	<b>429,050</b>	<b>164,297</b>
91100	Administrative salaries	136,631	116,516	20,115	130,760	82,511	82,511		22,806	22,806		25,443	25,443	
91200	Auditing fees	500	500		9,500	2,500	2,500		3,500	3,500		3,500	3,500	
91300	Management Fee	-			240,627	57,267	48,613	8,654	91,581	77,622	13,959	91,779	77,820	13,959
91310	Bookkeeping Fee	-			23,108	5,505	5,505		8,790	8,790		8,813	8,813	
91400	Advertising and Marketing	-	-		774	83	83		386	386		305	305	
91500	Employee benefit contributions - administrative	112,935	96,478	16,457	81,918	51,319	51,319		14,652	14,652		15,947	15,947	
91600	Office Expenses	31,992	31,992		19,082	741	741		8,398	8,398		9,943	9,943	
91700	Legal Expense	-			9,688	6,997	6,997		2,069	2,069		622	622	
91800	Travel	1,519	1,519		3,764	2,508	2,508		1,061	1,061		195	195	
91810	Allocated Overhead	-			-	-			-			-		
91900	Other	70	70		8,749	3,276	3,276		1,655	1,655		3,818	3,818	
91000	<b>Total Operating-Administrative</b>	<b>283,647</b>	<b>247,075</b>	<b>36,572</b>	<b>527,970</b>	<b>212,707</b>	<b>204,053</b>	<b>8,654</b>	<b>154,898</b>	<b>140,939</b>	<b>13,959</b>	<b>160,365</b>	<b>146,406</b>	<b>13,959</b>
92000	Asset Management Fee	-			31,440	7,440	7,440		12,000	12,000		12,000	12,000	
92100	Tenant services - salaries	-			63,215	-			29,994	29,994		33,221	33,221	
92200	Relocation Costs	-			1,032	1,032	1,032	-	-		-	-		
92300	Employee benefit contributions - tenant services	-			40,090	-			19,196	19,196		20,894	20,894	
92400	Tenant services - other	-			3,718	-			1,517	1,517		2,201	2,201	
92500	<b>Total Tenant Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,055</b>	<b>1,032</b>	<b>1,032</b>	<b>-</b>	<b>50,707</b>	<b>50,707</b>	<b>-</b>	<b>56,316</b>	<b>56,316</b>	<b>-</b>
93100	Water	-			56,674	20,605	20,605		20,418	20,418		15,651	15,651	
93200	Electricity	-			96,961	892	892		45,891	45,891		50,178	50,178	
93300	Gas	-			65,112	479	479		27,218	27,218		37,415	37,415	
93400	Fuel	-			409	-			-	-		409	409	
93500	Labor	-			-	-			-			-		
93600	Sewer	-			106,514	24,488	24,488		43,578	43,578		38,448	38,448	
93700	Employee benefit contributions - utilities	-			-	-			-			-		
93800	Other utilities expense	-			-	-			-			-		
93000	<b>Total Utilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325,670</b>	<b>46,464</b>	<b>46,464</b>	<b>-</b>	<b>137,105</b>	<b>137,105</b>	<b>-</b>	<b>142,101</b>	<b>142,101</b>	<b>-</b>
94100	Ordinary maintenance and operations - labor	-			224,619	68,066	68,066		68,673	68,673		87,880	87,880	
94200	Ordinary maintenance and operations - materials and other	2,093	2,093		33,807	14,252	14,252		7,601	7,601		11,954	11,954	
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	-			11,674	-			5,972	5,972		5,702	5,702	
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	-			15,535	12,055	12,055		1,460	1,460		2,020	2,020	
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	-			300	-			-	-		300	300	
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	-			4,699	-			3,264	3,264		1,435	1,435	
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	-			11,742	4,550	4,550		3,563	3,563		3,629	3,629	

HOUSING AUTHORITY OF GLOUCESTER COUNTY  
Financial Data Schedule  
Central Office and Project Income Statement  
Year Ended December 31, 2012

Line Item No.	Description	COCC Total	Operations	Capital Fund	Total Projects	NJ204000001	Operating Fund Program	Capital Fund Program	NJ204000003	Operating Fund Program	Capital Fund Program	NJ204000004	Operating Fund Program	Capital Fund Program
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	-			-	-	-		-			-		
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	-			5,246	453	453		4,439	4,439		354	354	
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	-			5,416	4,836	4,836		-			580	580	
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	-			4,987	1,027	1,027		2,664	2,664		1,296	1,296	
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	-			-	-			-			-		
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	-			23,118	5,096	5,096		7,314	7,314		10,708	10,708	
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	1,874	1,874		1,678	643	643		755	755		280	280	
94300	<b>Ordinary Maintenance and Operations Contracts</b>	<b>1,874</b>	<b>1,874</b>	-	<b>84,395</b>	<b>28,660</b>	<b>28,660</b>	-	<b>29,432</b>	<b>29,431</b>	-	<b>26,304</b>	<b>26,304</b>	-
94500	Employee benefit contribution - ordinary maintenance	-			141,195	42,301	42,301		43,968	43,968		54,926	54,926	
94000	<b>Total Maintenance</b>	<b>3,967</b>	<b>3,967</b>	-	<b>484,016</b>	<b>153,279</b>	<b>153,279</b>	-	<b>149,674</b>	<b>149,673</b>	-	<b>181,064</b>	<b>181,064</b>	-
95100	Protective services - labor	-			-	-			-			-		
95200	Protective services - other contract costs	-			131,826	-			65,857	65,857		65,969	65,969	
95300	Protective services - other	-			-	-			-			-		
95500	Employee benefit contributions - protective services	-			-	-			-			-		
95000	<b>Total Protective Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,857</b>	<b>65,857</b>	<b>-</b>	<b>65,969</b>	<b>65,969</b>	<b>-</b>
96110	Property Insurance	-			52,981	34,857	34,857		8,989	8,989		9,135	9,135	
96120	Liability Insurance	4,153	4,153		7,332	1,760	1,760		2,786	2,786		2,786	2,786	
96130	Workmen's Compensation	10,287	10,287		25,813	9,966	9,966		7,366	7,366		8,481	8,481	
96140	All other Insurance	3,829	3,829		10,916	5,105	5,105		8	8		5,803	5,803	
96100	<b>Total Insurance Premiums</b>	<b>18,269</b>	<b>18,269</b>	-	<b>97,042</b>	<b>51,688</b>	<b>51,688</b>	-	<b>19,149</b>	<b>19,149</b>	-	<b>26,205</b>	<b>26,205</b>	-
96200	Other general expenses	346	346		2,194	118	118		2,010	2,010		66	66	
96210	Compensated absences	-	-		893	893	893		-	-		-	-	
96300	Payments in lieu of taxes	-			54,671	24,350	24,350		15,370	15,370		14,951	14,951	
96400	Bad debt - tenant rents	-			8,389	4,400	4,400		2,307	2,307		1,682	1,682	
96500	Bad debt - mortgages	-			-	-			-			-		
96600	Bad debt - other	-			-	-			-			-		
96800	Severance expense	-			-	-			-			-		
96000	<b>Total Other General Expenses</b>	<b>346</b>	<b>346</b>	-	<b>66,147</b>	<b>29,761</b>	<b>29,761</b>	-	<b>19,687</b>	<b>19,687</b>	-	<b>16,699</b>	<b>16,699</b>	-
96710	Interest of Mortgage (or Bonds) Payable	-			-	-			-			-		
96720	Interest on Notes Payable (Short and Long Term)	-			-	-			-			-		
96730	Amortization of Bond Issue Costs	-			-	-			-			-		
96700	<b>Total Interest Expense and Amortization Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
96900	<b>Total Operating Expenses</b>	<b>306,229</b>	<b>269,657</b>	<b>36,572</b>	<b>1,772,166</b>	<b>502,371</b>	<b>493,717</b>	<b>8,654</b>	<b>609,077</b>	<b>595,117</b>	<b>13,959</b>	<b>660,719</b>	<b>646,760</b>	<b>13,959</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>(11,008)</b>	<b>(11,008)</b>	<b>-</b>	<b>391,952</b>	<b>55,948</b>	<b>(124,140)</b>	<b>180,088</b>	<b>403,375</b>	<b>148,206</b>	<b>255,170</b>	<b>(67,372)</b>	<b>(217,710)</b>	<b>150,338</b>
97100	Extraordinary maintenance	-			6,769	-	-		6,769	6,769		-		
97200	Casualty losses- Non-capitalized	-			13,942	-			13,942	13,942		-		
97300	<b>Housing assistance payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
97350	<b>HAP Portability-In</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
97400	Depreciation expense	7,779	7,779		855,584	370,195	370,195		266,313	266,313		219,076	219,076	
97500	Fraud losses	-			-	-			-			-		
97800	Dwelling units rent expense	-			-	-			-			-		
90000	<b>Total Expenses</b>	<b>314,008</b>	<b>277,436</b>	<b>36,572</b>	<b>2,648,461</b>	<b>872,566</b>	<b>863,912</b>	<b>8,654</b>	<b>896,101</b>	<b>882,141</b>	<b>13,959</b>	<b>879,795</b>	<b>865,836</b>	<b>13,959</b>
10010	Operating transfer in	-			-	-			-			-		
10020	Operating transfer out	-			-	-			-			-		
10030-010	Not For Profit	-			-	-			-			-		
10030-020	Partnership	-			-	-			-			-		
10030-030	Joint Venture	-			-	-			-			-		
10030-040	Tax Credit	-			-	-			-			-		
10030-050	Other	-			-	-			-			-		
10030-060	Other - Comment													

HOUSING AUTHORITY OF GLOUCESTER COUNTY  
Financial Data Schedule  
Central Office and Project Income Statement  
Year Ended December 31, 2012

Line Item No.	Description	COCC Total	Operations	Capital Fund	Total Projects	NJ204000001	Operating Fund Program	Capital Fund Program	NJ204000003	Operating Fund Program	Capital Fund Program	NJ204000004	Operating Fund Program	Capital Fund Program
10030	Operating transfers from / to primary government	-			-	-	-	-	-	-	-	-	-	-
10040	Operating transfers from / to component unit	-			-	-	-	-	-	-	-	-	-	-
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 Programs and Projects - in	-			-	-	-	-	-	-	-	-	-	-
10094	Transfers between Programs and Projects - out	-			-	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	(18,787)	(18,787)	-	(484,343)	(314,247)	(494,335)	180,088	116,351	(138,818)	255,170	(286,448)	(436,786)	150,338
11020	Required Annual Debt Principal Payments	-			-	-			-			-		
11030	Beginning equity	139,133	139,133		10,226,929	3,531,887	3,531,887		3,618,162	3,618,162		3,076,880	3,076,880	
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-	-	180,088	(180,088)	-	255,170	(255,170)	-	150,338	(150,338)
11170	Administrative Fee Equity	-			-	-			-			-		
11180	Housing Assistance Payments Equity	-			-	-			-			-		
11190	Unit Months Available	-			3,120	744	744		1,188	1,188		1,188	1,188	
11210	Unit Months Leased	-			3,081	734	734		1,172	1,172		1,175	1,175	
11270	Excess Cash	120,345	120,345		9,742,588	3,217,640	3,217,640		3,734,513	3,734,513		2,790,435	2,790,435	
11610	Land Purchases	-			-	-	-		-			-		
11620	Building Purchases	-			194,068	180,088	-	180,088	6,350	-	6,350	7,630	-	7,630
11630	Furniture & Equipment-Dwelling Purchases	-			28,572	-	-	-	28,572	-	28,572	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-			622,776	-	-	-	478,547	258,299	220,248	144,229	1,521	142,708
11650	Leasehold Improvements Purchases	-			-	-	-		-			-		
11660	Infrastructure Purchases	-			-	-	-		-			-		

HOUSING AUTHORITY OF GLOUCESTER COUNTY  
Financial Data Schedule  
Program Financials  
Year Ended December 31, 2012

Line Item No.	Description	Total Programs	1 Business Activities	2 State/Local	6 Component Units	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	97.024 Emergency Food and Shelter National Board Program	14.856 Section 8 Moderate Rehabilitation NJ204MR0005
	<b>Balance Sheet</b>								
111	Cash-unrestricted	\$ 3,984,409	2,826,886	19,053	999,369		113,125		25,976
112	Cash-restricted-modernization and development	\$ -							
113	Cash-other restricted	\$ 1,459,365	116,545		143,214		1,199,606		
114	Cash-tenant security deposits	\$ 8,781	8,781						
115	Cash - Restricted for payment of current liability	\$ -			-				
100	<b>Total Cash</b>	<b>\$ 5,452,555</b>	<b>2,952,212</b>	<b>19,053</b>	<b>1,142,583</b>	<b>-</b>	<b>1,312,731</b>	<b>-</b>	<b>25,976</b>
121	Accounts receivable - PHA projects	\$ 6,991.00					6,991		
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ -							
122-020	Accounts receivable - HUD other projects - Capital fund	\$ -							
122-030	Accounts receivable - HUD other projects - Other	\$ -							
122	<b>Accounts receivable - HUD other projects</b>	<b>\$ 2,104.00</b>				<b>2,104</b>			
124	Account receivable - other government	\$ 24,003.00	-	24,003					
125-010	Account receivable - miscellaneous - Not For Profit	\$ -							
125-020	Account receivable - miscellaneous - Partnership	\$ -							
125-030	Account receivable - miscellaneous - Joint Venture	\$ -							
125-040	Account receivable - miscellaneous - Tax Credit	\$ -							
125-050	Account receivable - miscellaneous - Other	\$ 59,224.00	59,224						
125-060	Other - Comment								
125	<b>Account receivable - miscellaneous</b>	<b>\$ 345,286</b>	<b>\$ 59,224</b>	<b>\$ -</b>	<b>279,676</b>		<b>6,386</b>		
126	Accounts receivable - tenants	\$ 11,166	\$ 9,868	\$ 1,298					
126.1	Allowance for doubtful accounts - tenants	\$ (3,300)	\$ (2,300)	\$ (1,000)					
126.2	Allowance for doubtful accounts - other	\$ (6,990)					(6,990)		
127	Notes, Loans, & Mortgages Receivable - Current	\$ 135,114	\$ -		135,114				
128	Fraud recovery	\$ -							
128.1	Allowance for doubtful accounts - fraud	\$ -							
129	Accrued interest receivable	\$ -	\$ -		-				
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>\$ 514,374.00</b>	<b>66,792</b>	<b>24,301</b>	<b>414,790</b>	<b>2,104</b>	<b>6,387</b>	<b>-</b>	<b>-</b>
131	Investments - unrestricted	\$ 558,790	558,790		-				
132	Investments - restricted	\$ -			-				
135	Investments - Restricted for payment of current liability	\$ -			-				
142	Prepaid expenses and other assets	\$ 46,326.00	12,355	1,069	8,068		24,670		164
143	Inventories	\$ 5,724.00	5,724						
143.1	Allowance for obsolete inventories	\$ -							
144	Inter program - due from	\$ 510,861	\$ 280,456	\$ -	\$ 178,751		\$ 34,781		\$ 16,873
145	Assets held for sale	\$ -							
150	<b>Total Current Assets</b>	<b>\$ 7,088,630</b>	<b>\$ 3,876,329</b>	<b>\$ 44,423</b>	<b>\$ 1,744,192</b>	<b>\$ 2,104</b>	<b>\$ 1,378,569</b>	<b>\$ -</b>	<b>\$ 43,013</b>
161	Land	\$ 955,608	\$ 276,200		679,408				
162	Buildings	\$ 888,688	\$ 888,688		-				
163	Furniture, equipment and machinery - dwellings	\$ 3,935	\$ 3,935		-				
164	Furniture, equipment and machinery - administration	\$ 571,763	\$ 338,076	\$ 722	-		232,965		
165	Leasehold improvements	\$ 222,379	\$ 222,379						
166	Accumulated depreciation	\$ (984,419)	\$ (759,656)	\$ (722)	-		(224,041)		
167	Construction in progress	\$ -			-				
168	Infrastructure	\$ -							
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>\$ 1,657,954</b>	<b>\$ 969,622</b>	<b>\$ -</b>	<b>679,408</b>	<b>-</b>	<b>8,924</b>	<b>-</b>	<b>-</b>
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	\$ -							
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -							
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -							
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -							
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -							
171-060	Other - Comment								

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			1	2	6	14.870	14.871	97.024	14.856
Line Item No.	Description	Total Programs	Business Activities	State/Local	Component Units	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Emergency Food and Shelter National Board Program	Section 8 Moderate Rehabilitation NJ204MR0005
171	Notes, Loans, & mortgages receivable – Non-current	\$ 14,664,328	\$ -		\$ 14,664,328				
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For Profit	\$ -							
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -							
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -							
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -							
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -							
172-060	Other - Comment								
172	Notes, Loans, & mortgages receivable – Non-current - past due	\$ -	\$ -						
173	Grants receivable – Non-current	\$ -							
174-010	Other assets - Not For Profit	\$ -							
174-020	Other assets - Partnership	\$ -							
174-030	Other assets - Joint Venture	\$ -							
174-040	Other assets - Tax Credit	\$ -							
174-050	Other assets - Other	\$ -							
174-060	Other - Comment								
174	Other assets	\$ 400,000	\$ -		\$ 400,000				
176-010	Investment in Joint venture - Not For Profit	\$ -							
176-020	Investment in Joint venture - Partnership	\$ -							
176-030	Investment in Joint venture - Joint Venture	\$ -							
176-040	Investment in Joint venture - Tax Credit	\$ -							
176-050	Investment in Joint venture - Other	\$ -							
176-060	Other - Comment								
176	Investment in joint venture	\$ -	\$ -						
180	Total Non-current Assets	16,722,282	969,622	-	15,743,736	-	8,924	-	-
190	Total Assets	23,810,912	4,845,951	44,423	17,487,928	2,104	1,387,493	-	43,013
311	Bank overdraft	\$ -							
312	Accounts payable <= 90 days	\$ 235,967	\$ 30,138	\$ 3,149	\$ 202,680	\$ -	\$ -		-
313	Accounts payable > 90 days past due	\$ -							
321	Accrued wage/payroll taxes payable	\$ 117,666	\$ 117,666						
322	Accrued compensated absences - current portion	\$ 68,901	\$ 52,953				\$ 15,948		
324	Accrued contingency liability	\$ -							
325	Accrued interest payable	\$ -							
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	\$ -							
331-020	Accounts payable - HUD PHA Programs - Capital fund	\$ -							
331-030	Accounts payable - HUD PHA Programs - Other	\$ -							
331	Accounts payable - HUD PHA Programs	20,033			-			-	20,033
332	Accounts payable - PHA Projects	-							
333	Accounts payable - other government	9,587	9,587		-				
341	Tenant security deposits	8,781	8,781						
342-010	Unearned revenue - Operating Subsidy	-							
342-020	Unearned revenue - Capital fund	-							
342-030	Unearned revenue - Other	-							
342	Unearned revenue	18,597	14,605	702			3,290		
343-010	CFFP	-							
343-020	Capital Projects/ Mortgage Revenue	-							
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-			-				
344	Current portion of long-term debt - operating borrowings	-			-				
345	Other current liabilities	15,218	\$ 2,848		29		12,341		
346	Accrued liabilities - other	57,700	29,500		28,200				
347	Inter program - due to	556,694	511,141	40,028	3,421	2,104	-	-	
348-010	Loan liability - current - Not For Profit	-							
348-020	Loan liability - current - Partnership	-							
348-030	Loan liability - current - Joint Venture	-							
348-040	Loan liability - current - Tax Credit	-							
348-050	Loan liability - current - Other	-							
348-060	Other - Comment								
348	Loan liability - current	-	-						
310	Total Current Liabilities	1,109,144	777,219	43,879	234,330	2,104	31,579	-	20,033
351-010	Long-term debt - CFFP	-							

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			1	2	6	14,870	14,871	97,024	14,856
Line Item No.	Description	Total Programs	Business Activities	State/Local	Component Units	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Emergency Food and Shelter National Board Program	Section 8 Moderate Rehabilitation NJ204MR0005
351-020	Long-term - Capital Projects/ Mortgage Revenue	-							
351	<b>Capital Projects/ Mortgage Revenue Bonds</b>	-			-				
352	Long-term debt, net of current - operating borrowings	-							
353	Non-current liabilities - other	168,426	\$ -		67,858		100,568		
354	Accrued compensated absences- Non-current	70,101	31,100				39,001		
355-010	Loan liability - Non-current - Not For Profit	-							
355-020	Loan liability - Non-current - Partnership	-							
355-030	Loan liability - Non-current - Joint Venture	-							
355-040	Loan liability - Non-current - Tax Credit	-							
355-050	Loan liability - Non-current - Other	-							
355-060	Other - Comment								
355	<b>Loan liability - Non-current</b>	-	-						
356	FASB 5 Liabilities	-							
357	Accrued Pension and OPEB Liability	349,858	349,858						
350	<b>Total Non-current liabilities</b>	<b>588,385</b>	<b>380,958</b>	-	<b>67,858</b>	-	<b>139,569</b>	-	-
300	<b>Total Liabilities</b>	<b>1,697,529</b>	<b>1,158,177</b>	<b>43,879</b>	<b>302,188</b>	<b>2,104</b>	<b>171,148</b>	-	<b>20,033</b>
508.1	Net investment in capital assets	1,657,954	969,622	-	679,408		8,924		
511.1	Restricted Net Position	1,199,606					1,199,606		
512.1	Unrestricted Net Position	19,255,823	2,718,152	544	16,506,332	-	7,815	-	22,980
513	<b>Total Equity/Net Position</b>	<b>22,113,383</b>	<b>3,687,774</b>	<b>544</b>	<b>17,185,740</b>	-	<b>1,216,345</b>	-	<b>22,980</b>
600	<b>Total Liabilities and Equity/Net position</b>	<b>23,810,912</b>	<b>4,845,951</b>	<b>44,423</b>	<b>17,487,928</b>	<b>2,104</b>	<b>1,387,493</b>	-	<b>43,013</b>

Income Statement									
70300	Net tenant rental revenue	118,704	118,704		-				
70400	Tenant revenue - other	49,186	440	48,746	-				
70500	Total Tenant Revenue	167,890	119,144	48,746	-		-	-	-

70600-010	Housing assistance payments	13,698,496					15,721,173		
70600-020	Ongoing administrative fees earned	1,308,905					-		
70600-030	Hard to house fee revenue	-							
70600-031	FSS Coordinator	84,248					-		
70600-040	Actual independent public accountant audit costs	-							
70600-050	Total preliminary fees earned	-							
70600-060	All other fees	-					-		
70600-070	Admin fee calculation description	-							
70600	<b>HUD PHA operating grants</b>	<b>15,901,212</b>				<b>52,586</b>	<b>15,721,173</b>	-	<b>127,453</b>
70610	Capital grants	-							

70710	Management Fee	-							
70720	Asset Management Fee	-							
70730	Book-Keeping Fee	-							
70740	Front Line Service Fee	-							
70750	Other Fees	-							
70700	<b>Total Fee Revenue</b>	-	-	-	-	-	-	-	-

70800	Other government grants	210,004	66,748	141,756	-			1,500	
71100	<b>Investment income - unrestricted</b>	<b>12,973</b>	<b>10,171</b>	<b>28</b>	<b>2,159</b>		<b>589</b>		<b>26</b>
71200	Mortgage interest income	457,225	-		457,225				
71300	Proceeds from disposition of assets held for sale	-							
71310	Cost of sale of assets	-							
71400-010	Housing Assistance Payment	-					-		
71400-020	Administrative Fee	-					-		
71400	<b>Fraud recovery</b>	<b>20,650</b>					<b>20,650</b>		
71500	Other revenue	667,300	463,583	-	203,588		-		129
71600	Gain or loss on sale of capital assets	-			-				
72000-010	Housing Assistance Payment	2,820					2,820		

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Line Item No.	Description	Total Programs	1 Business Activities	2 State/Local	6 Component Units	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	97.024 Emergency Food and Shelter National Board Program	14.856 Section 8 Moderate Rehabilitation NJ204MR0005
72000-020	Administrative Fee	-							
72000	Investment income - restricted	2,820	-	-	-	-	2,820	-	-
70000	Total Revenue	17,440,074	659,646	190,530	662,972	52,586	15,745,232	1,500	127,608
91100	Administrative salaries	1,083,978	333,019	20,000			724,519	-	6,440
91200	Auditing fees	47,700	900	400	28,200		17,000		1,200
91300	Management Fee	-			-				
91310	Bookkeeping Fee	-							
91400	Advertising and Marketing	962	962				-		-
91500	Employee benefit contributions - administrative	727,747	241,159	5,000			477,710	-	3,878
91600	Office Expenses	255,740	114,395	1,424	169	1,315	137,483		954
91700	Legal Expense	39,109	28,432		10,677		-		
91800	Travel	29,209	21,591	833		345	6,440		-
91810	Allocated Overhead	-							
91900	Other	371,937	4,813	111	359,819	-	7,184	8	2
91000	Total Operating-Administrative	2,556,382	745,271	27,768	398,865	1,660	1,370,336	8	12,474
92000	Asset Management Fee	-							
92100	Tenant services - salaries	107,730	5,380	76,996		25,354			
92200	Relocation Costs	-							
92300	Employee benefit contributions - tenant services	72,545	843	55,504		16,198			
92400	Tenant services - other	35,050	-	24,184	-	9,374		1,492	
92500	Total Tenant Services	215,325	6,223	156,684	-	50,926	-	1,492	-
93100	Water	7,297	7,297						
93200	Electricity	40	40						
93300	Gas	118	118						
93400	Fuel	-							
93500	Labor	-							
93600	Sewer	7,476	7,476						
93700	Employee benefit contributions - utilities	-							
93800	Other utilities expense	-							
93000	Total Utilities	14,931	14,931	-	-	-	-	-	-
94100	Ordinary maintenance and operations - labor	17,687	17,687						
94200	Ordinary maintenance and operations - materials and other	7,287	7,287		-				
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	-							
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	-							
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	-							
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	-							
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	-							
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	-							
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	-							
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	-							
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	-							
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	-							
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	-							
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	-		-					
94300	Ordinary Maintenance and Operations Contracts	1,751	1,751	-	-	-	-	-	-
94500	Employee benefit contribution - ordinary maintenance	10,773	10,773						
94000	Total Maintenance	37,498	37,498	-	-	-	-	-	-
95100	Protective services - labor	1,011	1,011						

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Line Item No.	Description	Total Programs	1 Business Activities	2 State/Local	6 Component Units	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	97.024 Emergency Food and Shelter National Board Program	14.856 Section 8 Moderate Rehabilitation NJ204MR0005
95200	Protective services - other contract costs	-	-		-				
95300	Protective services - other	-	-						
95500	Employee benefit contributions - protective services	158	158						
95000	<b>Total Protective Services</b>	<b>1,169</b>	<b>1,169</b>	-	-	-	-	-	-
96110	Property Insurance	9,562	9,562						
96120	Liability Insurance	46,845	5,379		11,296		30,130		40
96130	Workmen's Compensation	74,858	6,399	5,726	14,604		48,129		
96140	All Other Insurance	12,750	6,330				5,992		428
96100	<b>Total Insurance Premiums</b>	<b>144,016</b>	<b>27,670</b>	<b>5,726</b>	<b>25,900</b>	-	<b>84,251</b>	-	<b>469</b>
96200	Other general expenses	31,998	5,538	199			26,240		21
96210	Compensated absences	13,154	8,570				4,584		
96300	Payments in lieu of taxes	9,587	9,587		-				
96400	Bad debt - tenant rents	1,300	1,300	-	-				
96500	Bad debt - mortgages	-	-						
96600	Bad debt - other	2,988					2,988		
96800	Severance expense	-	-						
96000	<b>Total Other General Expenses</b>	<b>59,027</b>	<b>24,995</b>	<b>199</b>	-	-	<b>33,812</b>	-	<b>21</b>
96710	Interest of Mortgage (or Bonds) Payable	-			-				
96720	Interest on Notes Payable (Short and Long Term)	-							
96730	Amortization of Bond Issue Costs	-			-				
96700	<b>Total Interest Expense and Amortization Cost</b>	-	-	-	-	-	-	-	-
96900	<b>Total Operating Expenses</b>	<b>3,028,348</b>	<b>857,757</b>	<b>190,377</b>	<b>424,765.00</b>	<b>52,586</b>	<b>1,488,399</b>	<b>1,500</b>	<b>12,964</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>14,411,726</b>	<b>(198,111)</b>	<b>153</b>	<b>238,207</b>	-	<b>14,256,833</b>	-	<b>114,644</b>
97100	Extraordinary maintenance	2,804	<b>2,804</b>						
97200	Casualty losses- Non-capitalized	-			-				
97300-010	Mainstream 1 & 5 year	-							
97300-020	Home-Ownership	-					-		
97300-025	Litigation	-							
97300-030	Hope IV	-							
97300-035	Moving to Work	-							
97300-040	Tenant Protection	-							
97300-050	All Other	14,373,081					14,373,081		
97300	<b>Housing assistance payments</b>	<b>14,546,221</b>	<b>60,680</b>				<b>14,373,081</b>	-	<b>112,460</b>
97350	<b>HAP Portability-in</b>	-							
97400	Depreciation expense	56,619	52,653	-	-		3,966		
97500	Fraud losses	-	-						
97800	Dwelling units rent expense	-							
90000	<b>Total Expenses</b>	<b>17,633,992</b>	<b>973,894</b>	<b>190,377</b>	<b>424,765.00</b>	<b>52,586</b>	<b>15,865,446</b>	<b>1,500</b>	<b>125,424</b>
10010	Operating transfer in	-							
10020	Operating transfer out	-							
10030-010	Not For Profit	-							
10030-020	Partnership	-							
10030-030	Joint Venture	-							
10030-040	Tax Credit	-							
10030-050	Other	-							
10030-060	Other Comment								
10030	<b>Operating transfers from / to primary government</b>	-	-	-	-	-	-	-	-
10040	Operating transfers from / to component unit	-							
10070	Extraordinary items, net gain/loss	-							
10080	Special items, net gain/loss	-	272,096		(272,096)				
10091	Inter Project Excess Cash Transfer In	-							
10092	Inter Project Excess Cash Transfer Out	-							
10093	Transfers between Programs and Projects - in	-							

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			1	2	6	14.870	14.871	97.024	14.856
Line Item No.	Description	Total Programs	Business Activities	State/Local	Component Units	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Emergency Food and Shelter National Board Program	Section 8 Moderate Rehabilitation NJ204MR0005
10094	Transfers between Programs and Projects - out	-							
10100	<b>Total other financing sources (uses)</b>	-	272,096	-	(272,096)	-	-	-	-
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	(193,918)	(42,152)	153	(33,889)	-	(120,214)	-	2,184
11020	Required Annual Debt Principal Payments	-							
11030	Beginning equity	22,308,580	3,729,926	391	17,220,908		1,336,559		20,796
11040-010	Prior period adjustments and correction of errors - Editable	(1,279)			(1,279)				
11040-020	Prior period adjustments and correction of errors - Editable	-							
11040-030	Prior period adjustments and correction of errors - Editable	-							
11040-040	Prior period adjustments and correction of errors - Editable	-							
11040-050	Prior period adjustments and correction of errors - Editable	-							
11040-060	Prior period adjustments and correction of errors - Editable	-							
11040-070	Equity Transfers	-	-				-		
11040-080	Equity Transfers	-							
11040-090	Equity Transfers	-							
11040-100	Equity Transfers	-							
11040-110	Equity Transfers	-							
11040	<b>Prior period adjustments, equity transfers, and correction of errors</b>	(1,279)	-	-	(1,279)	-	-	-	-
11170-001	Administrative Fee Equity- Beginning Balance	184,573					184,573		
11170-010	Administrative Fee Revenue	-					-		
11170-020	Hard to House Fee Revenue	-					-		
11170-021	FSS Coordinator Grant	-					-		
11170-030	Audit Costs	-					-		
11170-040	Investment Income	589					589		
11170-045	Fraud Recovery Revenue	-					-		
11170-050	Other Revenue	-					-		
11170-051	Comment for Other Revenue	-					Other non-rental income		
11170-060	Total Admin Fee Revenues	589					589		
11170-080	Total Operating Expenses	1,488,399					1,488,399		
11170-090	Depreciation	3,966					3,966		
11170-095	Housing Assistance Portability In	-					-		
11170-100	Other Expenses	-							
11170-101	Comment for Other Expense	-							
11170-110	Total Expenses	1,492,365					1,492,365		
11170-002	Net Administrative Fee	(1,491,776)					(1,491,776)		
11170-003	Administrative Fee Equity- Ending Balance	(1,307,203)					(1,307,203)		
11170	<b>Administrative Fee Equity</b>	-							
11180-001	Housing Assistance Payments Equity - Beginning Balance	1,151,986					1,151,986		
11180-010	Housing Assistance Payment Revenues	15,721,173					15,721,173		
11180-015	Fraud Recovery Revenue	-					-		

HOUSING AUTHORITY OF GLOUCESTER COUNTY  
Financial Data Schedule  
Program Financials  
Year Ended December 31, 2012

			1	2	6	14.870	14.871	97.024	14.856
Line Item No.	Description	Total Programs	Business Activities	State/Local	Component Units	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Emergency Food and Shelter National Board Program	Section 8 Moderate Rehabilitation NJ204MR0005
11180-020	Other Revenue	-							
11180-021	Comment for Other Revenue	-							
11180-025	Investment Income	2,820					2,820		
11180-030	Total HAP Revenues	15,723,993					15,723,993		
11180-080	Housing Assistance Payments	14,373,081					14,373,081		
11180-090	Other Expenses	-							
11180-091	Comments for Other Expenses	-							
11180-100	Total Housing Assistance Payments Expenses	14,373,081					14,373,081		
11180-002	Net Housing Assistance Payments	1,350,912					1,350,912		
11180-003	Housing Assistance Payments Equity-Ending Balance	2,502,898					2,502,898		
11180	Housing Assistance Payments Equity	1,199,606					1,199,606		
11190	Unit Months Available	23,472	156		-		23,136		180
11210	Unit Months Leased	21,806	155		-		21,478		173

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**

**PART II - SINGLE AUDIT SECTION**

**DECEMBER 31, 2012**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Commissioners  
Housing Authority of Gloucester  
County, New Jersey

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

We have audited the Housing Authority of Gloucester County's compliance with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Housing Authority of Gloucester County's major federal programs for the year ended December 31, 2012. Housing Authority of Gloucester County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Housing Authority of Gloucester County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey; and 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 Housing Authority of Gloucester County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Housing Authority of Gloucester County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

**Report on Internal Control Over Compliance**

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

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

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

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

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

Woodbury, New Jersey  
September 23, 2013

32900

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2012**

<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	\$ 15,721,173
Public and Indian Housing Program	14.850a	365,511
Public Housing - Capital Fund Program	14.872	622,167
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	127,453
Resident Opportunity and Supportive Services (ROSS) Program	14.870	52,586
Total U.S. Department of Housing and Urban Development		16,888,890
U.S. Department of Homeland Security Direct Program		
Emergency Food and Shelter National Board Program	97.024	1,500
Total expenditures of federal awards		\$ 16,890,390

See accompanying notes to schedule of expenditures of federal awards.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**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 Housing Authority of Gloucester County, New Jersey. Gloucester County Housing Development Corporation, Seniors Housing Development Corporation of Gloucester County, and Affordable Housing Alternatives of Gloucester County, Inc. are not subject to Single Audits.

**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**

All other in the accompanying schedule agree with, in all material respects, the amounts reported in the related federal financial reports. Additionally, there were expenditures of \$141,756 under the State of New Jersey, Department of Community Affairs Congregate Housing Services Program, which is not subject to a State Single Audit.

**Note 5: NONCASH BENEFITS**

The Authority received noncash benefits from Gateway Community Action Partnership funded by the Federal grant, CFDA number 81.042 in the amount of \$258,299. This benefit was received during the fiscal year at the Carino Park Apartments for various appliances and improvements. The Authority was the recipient of the benefit of this award, but had no control over its administration or compliance with the requirements of the award. Therefore, this is not included on the Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**  
**Notes to Schedule of Expenditures of Federal Awards (continued)**

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**Note 6: PHA'S STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS**

**Fund Program Costs - NJ39P20450108 (FFY 2008)**  
**Annual Contributions Contract NY-1115**

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1. The Actual Capital Fund Program Costs are as

Contract #	<u>NJ39P20450108</u>
Funds approved	\$ 446,790
Funds expended	<u>446,790</u>
Excess of funds approved	<u>\$ -</u>
Funds advanced	\$ 446,790
Funds expended	<u>446,790</u>
Excess of funds advanced	<u>\$ -</u>

2. The distribution of costs by project shown on the Final Performance and Evaluation Reports dated August 3, 2011 accompanying the Actual Capital Cost Certificates submitted to HUD for approval are in agreement with the PHA's records.

3. All Capital Fund Program Costs have been paid and all related liabilities have been discharged through payment.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY**

**PART III – SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2012**

**HOUSING AUTHORITY OF GLOUCESTER COUNTY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2012**

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

Financial Statement Section

- A. Type of auditors' report issued: Unqualified (Unmodified)
- 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: \$ 506,712
- E. Auditee qualifies as low-risk auditee? Yes
- F. Type of auditors' report on compliance for major programs: Unqualified (Unmodified)
- 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)): No
- I. Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.872	Public Housing – Capital Fund Program
14.871	Section 8 Housing Choice Voucher Program

**HOUSING AUTHORITY OF GLOUCESTER COUNTY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2012**

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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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

No Current Year Findings.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2012**

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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.

No Current Year Findings.

**HOUSING AUTHORITY OF GLOUCESTER COUNTY  
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**

No Prior Year Findings.

**FEDERAL AWARDS**

No Prior Year Findings.

**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