

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

**REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY

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December 31, 2016 and 2015

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HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY

PART I - FINANCIAL SECTION

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

INDEPENDENT AUDITOR'S 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, 2016 and 2015 and the related notes to the financial statements, which collectively comprise the Authority's 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 an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 opinion.

Opinion

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, 2016 and 2015, and its changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, and combining and individual 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Financial Data Schedule 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 and the Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule are fairly stated, in all material respects, in relation to the 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 August 11, 2017 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 the 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
August 11, 2017

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

Board of Commissioners
Housing Authority of Gloucester County, New Jersey

We have audited the financial statements of the business-type activities and the discretely presented component units of the Housing Authority of Gloucester County, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority of Gloucester County's basic financial statements, and have issued our report thereon dated August 11, 2017. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this does not include reporting on internal control over financial reporting or instances of reportable noncompliance with the discretely presented component units.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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.

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

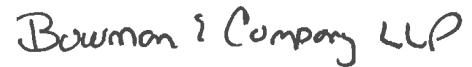
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 the 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.

A handwritten signature in dark ink that reads "Bowman & Company LLP". The script is cursive and fluid.

BOWMAN & COMPANY LLP
Certified Public Accountants &
Consultants

Woodbury, New Jersey
August 11, 2017

HOUSING AUTHORITY OF GLOUCESTER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016
Unaudited

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 year ended on December 31, 2016. 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, deferred outflows of resources, liabilities, deferred inflows of resources, and with the difference 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** - presenting 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 (2 CFR 200 *Uniform Guidance*). Also included are the Financial Data Schedule and Capital Grant Schedule. Schedules for the Authority's post-retirement plan and the State-Administered pension plan are presented as Required Supplementary Information.

HOUSING AUTHORITY OF GLOUCESTER COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

December 31, 2016

Unaudited

FINANCIAL HIGHLIGHTS

- The Authority's Total Net Position (equity) decreased from 2015 to 2016 to **\$22,487,017**, including decreases in Net Investment in Capital Assets of \$619,512, Restricted Net Position of \$111,236, and Unrestricted Net Position of \$1,480,230. The Authority's Total Net Position (equity) decreased from 2014 to 2015 to **\$24,697,995** which includes an increases in Net Investment in Capital Assets of \$1,456,683, Restricted Net Position of \$156,191, and a decrease in Unrestricted Net Position of \$7,326,845.
- The Authority's Cash and Investment balance at the reporting year-end was **\$6,170,538** in 2016, **\$5,150,476** in 2015, and **\$5,495,641** in 2014. This includes amounts designated for restricted use.
- The Authority had Total Revenues of **\$20,657,950** in 2016, **\$22,821,381** in 2015, and **\$19,078,335** in 2014. The Authority had Total Expenses of **\$22,868,928** in 2016, **\$22,233,974** in 2015, and **\$21,123,514** in 2014.
- The Primary Government's Expenditures of Federal Awards amounted to **\$17,800,493** in 2016, **\$17,149,678** in 2015, and **\$16,406,613** in 2014.
- The Authority lost over **\$268,000** in 2016, **\$296,200** in 2015, and **\$324,000** in 2014 in Section 8 Administrative Fees due to Federal Funding cuts.
- The Authority lost over **\$91,000** in 2016, **\$140,500** in 2015, and **\$102,000** in 2014 in government subsidy in the Public Housing Programs due to Federal Program 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 General Management and Supplemental funds.
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 opportunities.

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

In 2016, the State of New Jersey Pension system (PERS) was audited, by an independent auditing firm, who used the work of an Actuary to compute the Net Pension Liability attributable to each local and county government and agency participating in the pension system. An analysis of these liabilities resulted in the Authority reporting a long term Net Pension Liability of \$9,563,447 at year end. These amounts are reflected in the financial statements presented in this report.

HOUSING AUTHORITY OF GLOUCESTER COUNTY
Management's Discussion and Analysis (continued)
December 31, 2016

CONDENSED FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION

	December 31, 2016		December 31, 2015		December 31, 2014	
	PRIMARY GOVERNMENT	COMPONENT UNITS	PRIMARY GOVERNMENT	COMPONENT UNITS	PRIMARY GOVERNMENT	COMPONENT UNITS
Assets:						
Current Assets	\$ 5,328,330	\$ 2,248,130	\$ 4,732,366	\$ 1,905,982	\$ 4,557,089	\$ 1,600,095
Restricted Assets	137,018	139,047	80,255	138,838	111,264	138,630
Capital Assets, net of Depreciation	9,001,833	888,052	9,619,234	890,163	8,227,077	825,637
Other Non Current Assets	-	17,658,569	-	17,654,113	-	17,772,279
Total Assets	\$ 14,467,181	\$ 20,933,798	\$ 14,431,855	\$ 20,589,096	\$ 12,895,430	\$ 20,336,641
Deferred Outflow of Resources	\$ 3,027,458		\$ 1,030,318			
Liabilities:						
Current Liabilities	\$ 1,069,803	\$ 185,017	\$ 1,339,623	\$ 38,645	\$ 744,827	\$ 45,677
Long-Term Liabilities	13,157,666	82,800	9,576,446	78,572	1,953,730	75,871
Total Liabilities	\$ 14,227,469	\$ 267,817	\$ 10,916,069	\$ 117,217	\$ 2,698,557	\$ 121,548
Deferred Inflow of Resources	\$ 1,446,134		\$ 319,958			
Net Position:						
Net Investment in Capital Assets	\$ 9,001,833	\$ 888,052	\$ 9,619,234	\$ 890,163	\$ 8,227,077	\$ 825,637
Restricted Net Position	44,955	-	156,191	-	-	-
Unrestricted Net Position	(7,225,752)	19,777,929	(5,549,309)	19,581,716	1,969,796	19,389,456
Total Net Position	\$ 1,821,036	\$ 20,665,981	\$ 4,226,116	\$ 20,471,879	\$ 10,196,873	\$ 20,215,093

STATEMENTS OF REVENUE, EXPENSES and CHANGES IN NET POSITION

	December 31, 2016		December 31, 2015		December 31, 2014	
	PRIMARY GOVERNMENT	COMPONENT UNITS	PRIMARY GOVERNMENT	COMPONENT UNITS	PRIMARY GOVERNMENT	COMPONENT UNITS
Operating Revenues:						
Tenant Revenues	\$ 1,036,247	\$ 14,300	\$ 1,011,788	\$ -	\$ 1,067,139	\$ -
Government Grants	17,567,920	-	16,750,591	-	16,449,576	-
Other Revenues	846,970	750,816	820,378	731,084	644,670	726,540
Total Operating Revenues	19,451,137	765,116	18,582,757	731,084	18,161,385	726,540
Operating Expenses:						
Housing Assistance Payments	15,036,349		14,171,272		14,390,112	
Administrative and Other Expenses	6,170,951	556,113	5,470,855	403,274	5,165,490	620,576
Depreciation Expense	1,089,069	6,609	998,511	2,795	943,604	1,540
Total Operating Expense	22,296,369	562,722	20,640,638	406,069	20,499,206	622,116
Operating Income (Loss)	(2,845,232)	202,394	(2,057,881)	325,015	(2,337,821)	104,424
Non-operating Revenues (Expenses):						
Gain on Sale of Buildings						
OTHER						
Capital Grants	430,598		585,841		178,472	
Contributions to/from primary government				(39,219)		
Contributions to/from Colonial Park, LP		(5,409)		(27,809)		
Contributions to/from component units			39,219			
Interest Income	9,754	1,345	9,790	1,555	9,800	2,138
Miscellaneous Revenue						
Interest Expense						
Share in loss from managed entity		(4,228)		(2,756)		(4,330)
Relocation Expense	(200)		(1,117,483)			
Insurance recovery on capital assets net of impairment loss			2,871,135			
Net Non-operating Revenues (Expenses)	440,152	(8,292)	2,388,502	(68,229)	188,272	(2,192)
Change in Net Position	(2,405,080)	194,102	330,621	256,786	(2,149,549)	102,232
Net Position - Beginning of the year	4,226,116	20,471,879	3,895,495	20,215,093	6,045,044	20,112,861
Net Position - End of the year	\$ 1,821,036	\$ 20,665,981	\$ 4,226,116	\$ 20,471,879	\$ 3,895,495	\$ 20,215,093

**HOUSING AUTHORITY OF GLOUCESTER COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

December 31, 2016

Unaudited

HOUSING FACTS:

1. Over 2,000 Low-Income Families have been assisted throughout the county by the Housing Authority in 2016; affording them decent, safe, and sanitary housing based on their ability to pay.
2. Over \$14.8 million was disbursed in Housing Assistance Payments.
3. The Average monthly Housing Assistance provided for Section 8 families was \$682.

BUDGETARY HIGHLIGHTS

As for the year ended December 31, 2016, 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.

HOUSING AUTHORITY OF GLOUCESTER COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

December 31, 2016

Unaudited

CAPITAL ASSETS and DEBT ADMINISTRATION

In 2016, the Authority invested **\$430,598** in capital assets with grants provided from HUD's Capital Fund 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.

No new outside debt was issued in 2016 by the Housing Authority or any of its Component Units.

ECONOMIC FACTORS and NEXT YEAR'S BUDGETS

The economy is still facing financial difficulties and monetary pain is felt at all levels. Unemployment, out-of-control health care costs, bankruptcies, and foreclosures continue to dampen the local economy. 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 2016, the Authority's Public Housing projects were hit with funding cuts totaling **\$91,213**. This on top of prior year cuts has severely depleted the project reserves. Capital Grants, utilized to modernize and improve our housing stock, continue to be funded by HUD, but also at a lower level than in past years.

Federal cuts in the Housing Choice Voucher Program, the Authority's largest program, have been ongoing for the past several years and continue into 2016. Administrative fees are not being fully funded and have been substantially reduced from the HUD approved rates, amounting to losses of over **\$268,000** in 2016. While the administrative portion of revenue has decreased substantially, at the same time administrative expenses and overhead have increased. This continues to place a heavy burden on our primary government programs.

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, 2016 and 2015

	December 31, 2016		December 31, 2015	
	Primary Government	Component Units	Primary Government	Component Units
ASSETS				
Current assets				
Unrestricted cash and cash equivalents	\$ 3,036,178	\$ 877,599	\$ 3,540,852	\$ 595,895
Restricted cash and cash equivalents	1,407,868	1,301	226,344	-
Unrestricted investments	571,527	-	568,322	-
Accounts receivable, net of allowance for doubtful accounts of \$21,400 in 2016 and \$9,900 in 2015	15,522	9,590	13,067	-
Due from Colonial Park, L.P.	-	-	-	-
Development fee receivable from Colonial Park, L.P.	-	1,064,428	-	884,707
Due from affiliate	99,872	55,412	4,420	92,628
Due from HUD	46,580	-	-	-
Due from other governments	28,354	-	40,964	-
Due from Glassboro Housing Authority	27,624	-	-	-
Due from primary government	-	239,301	-	331,509
Due from insurance company for loss remediation	-	-	243,536	-
Other receivables	15,866	-	20,786	-
Inventory	4,855	-	4,855	-
Prepaid expenses	74,084	499	69,220	1,243
Total current assets	5,328,330	2,248,130	4,732,366	1,905,982
Non-current restricted assets				
Cash and cash equivalents	137,018	139,047	80,225	138,838
Total restricted assets	137,018	139,047	80,225	138,838
Capital assets, net	9,001,833	888,052	9,619,234	890,163
Other non-current assets				
Notes receivable	-	11,407,844	-	11,407,844
Development fee receivable from Colonial Park, L.P., net of current portion	-	840,277	-	1,419,998
Land lease receivable	-	349,450	-	249,950
Accrued interest on notes receivable	-	4,890,419	-	4,435,886
Due from affiliate	-	170,579	-	140,435
Total other non-current assets	-	17,658,569	-	17,654,113
	<u>\$ 14,467,181</u>	<u>\$ 20,933,798</u>	<u>\$ 14,431,825</u>	<u>\$ 20,589,096</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	<u>\$ 3,027,458</u>	<u>\$ -</u>	<u>\$ 1,030,318</u>	<u>\$ -</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 593,099	\$ 37,468	\$ 744,065	\$ 38,645
Tenant funds on deposit	53,587	1,301	53,499	-
Due to HUD	3,555	-	590	-
Due to other governments	59,060	-	62,323	-
Due to Glassboro Housing Authority	-	-	23,113	-
Due to primary government	-	146,245	-	-
Due to component units	93,056	-	331,509	-
Current portion of liability for compensated absences	109,575	-	97,254	-
Unearned revenue	157,871	3	27,270	-
Total current liabilities	1,069,803	185,017	1,339,623	38,645
Long-term liabilities				
Pension liability	9,563,447	-	6,765,613	-
Pension liability - contributions subsequent to plan date	143,431	-	129,558	-
Other post-retirement benefits	3,230,235	-	2,526,336	-
Tenant funds on deposit	137,018	-	80,225	-
Liability for compensated absences, net of current portion	83,535	-	74,714	-
Other credits	-	82,800	-	78,572
Total long-term liabilities	13,157,666	82,800	9,576,446	78,572
Total liabilities	<u>\$ 14,227,469</u>	<u>\$ 267,817</u>	<u>\$ 10,916,069</u>	<u>\$ 117,217</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	\$ 166,439	-	\$ 319,958	-
Related to housing assistance payments	1,279,695	-	-	-
Total deferred inflows of resources	<u>\$ 1,446,134</u>	<u>\$ -</u>	<u>\$ 319,958</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 9,001,833	\$ 888,052	\$ 9,619,234	\$ 890,163
Restricted net position	44,955	-	156,191	-
Unrestricted net position	(7,225,752)	19,777,929	(5,549,309)	19,581,716
Total net position	<u>\$ 1,821,036</u>	<u>\$ 20,665,981</u>	<u>\$ 4,226,116</u>	<u>\$ 20,471,879</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, 2016 and 2015

	December 31, 2016		December 31, 2015	
	Primary Government	Component Units	Primary Government	Component Units
Operating revenue				
Federal grant awards	\$ 17,373,756	-	\$ 16,563,837	-
State and local grant awards	194,164	-	186,754	-
Management contract fees	868,301	\$ 191,042	698,044	\$ 189,773
Tenant charges	1,005,388	14,300	1,011,788	-
Interest income on notes receivable	-	484,033	-	475,441
Land lease income	-	70,000	-	65,000
Miscellaneous income	87,105	5,741	122,334	870
Total operating revenue	<u>19,528,714</u>	<u>765,116</u>	<u>18,582,757</u>	<u>731,084</u>
Operating expenses				
Housing assistance payments	15,005,490	-	14,171,272	-
Administrative	4,149,195	539,746	3,681,868	376,656
Depreciation	1,089,069	6,609	998,511	2,795
Maintenance	762,751	3,604	597,823	6,830
Tenant services	517,544	-	351,868	-
Utilities	342,383	828	324,607	1,562
Insurance	263,254	11,935	220,137	18,226
Protective services	151,802	-	149,628	-
General	92,458	-	144,924	-
Total operating expenses	<u>22,373,946</u>	<u>562,722</u>	<u>20,640,638</u>	<u>406,069</u>
Operating income (loss)	<u>(2,845,232)</u>	<u>202,394</u>	<u>(2,057,881)</u>	<u>325,015</u>
Non-operating revenue (expenses)				
Capital grants	430,598	-	585,841	-
Insurance recovery on capital assets, net of impairment loss	-	-	2,871,135	-
Relocation expense	(200)	-	(1,117,483)	-
Contributions (to) from primary government	-	-	-	(39,219)
Contributions (to) from Colonial Park, LP	-	(5,409)	-	(27,809)
Contributions to/from component units	-	-	39,219	-
Interest income	9,754	1,345	9,790	1,555
Share in loss from managed entity	-	(4,228)	-	(2,756)
Total non-operating revenue (expense)	<u>440,152</u>	<u>(8,292)</u>	<u>2,388,502</u>	<u>(68,229)</u>
Increase (decrease) in net position	<u>(2,405,080)</u>	<u>194,102</u>	<u>330,621</u>	<u>256,786</u>
Net position at the beginning of the year	<u>4,226,116</u>	<u>20,471,879</u>	<u>3,895,495</u>	<u>20,215,093</u>
Net position at the end of the year	<u>\$ 1,821,036</u>	<u>\$ 20,665,981</u>	<u>\$ 4,226,116</u>	<u>\$ 20,471,879</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, 2016 and 2015

	December 31, 2016		December 31, 2015	
	Primary Government	Component Units	Primary Government	Component Units
Cash flows from operating activities				
Cash received from federal and state assistance programs	\$ 17,644,998		\$ 16,858,560	
Cash received from management contracts	759,865	\$ 233,728	698,044	\$ 192,721
Cash received from tenants	1,085,545	15,604	1,009,709	-
Other operating cash receipts	92,047	-	121,085	-
Payments to landlords for rent	(13,751,851)	-	(14,234,725)	-
Payments to employees	(2,166,804)	-	(3,064,231)	-
Cash received from Colonial Park L.P. for developer's fee	-	400,000	-	38,047
Cash received from primary government	-	30,635	-	-
Payments for goods and services	(3,138,972)	(388,191)	(1,238,870)	(590,547)
Net cash provided by (used in) operating activities	524,828	291,776	149,572	(359,779)
Cash flows from capital and related financing activities				
Acquisition of capital assets	(471,631)	(4,498)	(228,119)	(67,320)
Capital grants received	430,598	-	585,841	-
Contribution to primary government from component units	-	-	39,219	(39,219)
Contributions to Colonial Park, LP	-	(5,409)	-	(27,809)
Insurance recovery on capital assets	243,536	-	708,586	-
Relocation expense	(200)	-	(1,117,483)	-
Net cash provided by (used in) capital and related financing	202,303	(9,907)	(11,956)	(134,348)
Cash flows from investing activities				
Purchase of investment securities	(857,675)	-	(1,455,873)	-
Proceeds from sales of investments	853,701	-	2,340,999	-
Interest income received	10,486	1,345	10,806	1,556
Net cash provided by investing activities	6,512	1,345	895,932	1,556
Increase (decrease) in cash and cash equivalents	733,643	283,214	1,033,548	(492,571)
Cash and cash equivalents - beginning	3,847,421	734,733	2,813,873	1,227,304
Cash and cash equivalents - ending	\$ 4,581,064	\$ 1,017,947	\$ 3,847,421	\$ 734,733
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (2,845,232)	\$ 202,394	\$ (2,057,881)	\$ 325,015
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	1,089,069	6,609	998,511	2,795
Provision for allowance for doubtful accounts	11,500	-	(13,000)	-
Adjustment to actuarial pension expense	688,795	-	142,548	-
Adjustment to actuarial accounts payable amount	(27,747)	-	(259,115)	-
(Increase) decrease in assets				
Accounts receivable	(13,955)	(9,590)	34,030	-
Due from Colonial Park, L.P.	-	-	94,339	-
Development fee receivable from Colonial Park, L.P.	-	400,000	-	38,047
Due from affiliate	(95,452)	7,072	23,263	2,448
Due from HUD	(46,580)	-	19,629	-
Due from other governments	12,610	-	87,750	-
Due from Glassboro Housing Authority	(27,624)	-	-	-
Due from primary government	-	92,208	-	(179,352)
Other receivables	4,920	-	(1,271)	-
Prepaid expenses	(4,864)	744	1,964	(1,201)
Land lease receivable	-	(99,500)	-	(86,350)
Accrued interest on notes receivable	-	(454,533)	-	(454,092)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	(150,966)	(1,177)	156,583	(7,089)
Tenant funds on deposit	56,881	1,301	(29,059)	-
Due to HUD	2,965	-	590	-
Due to other governments	(3,263)	-	(7,874)	-
Due to Glassboro Housing Authority	(23,113)	-	23,113	-
Due to primary government	-	146,245	-	-
Due to component units	(238,453)	-	179,352	-
Liability for compensated absences	21,142	-	(597)	-
Unearned revenue	130,601	3	5,872	-
Other post-retirement benefits	703,899	-	750,825	-
Increase in deferred inflows of resources related to housing assistance payments	1,279,695	-	-	-
Net cash provided by (used in) operating activities	\$ 524,828	\$ 291,776	\$ 149,572	\$ (359,779)
Reconciliation of cash and cash equivalents to the statements of net position				
Unrestricted cash and cash equivalents - current	\$ 3,036,178	\$ 877,599	\$ 3,540,852	\$ 595,895
Restricted cash and cash equivalents - current	1,407,868	1,301	226,344	-
Restricted cash and cash equivalents - noncurrent	137,018	139,047	80,225	138,838
	\$ 4,581,064	\$ 1,017,947	\$ 3,847,421	\$ 734,733

Noncash capital and related financing activities

During 2015, the Authority obtained capital assets and incurred other expenses related to loss restoration totaling \$3,463,475. Of this amount, \$2,511,353 was directly reimbursed to the contractor by the insurance company for the year ended December 31, 2015. There was an impairment loss associated with this restoration totaling \$571,358.

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

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

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, 2016, 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 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)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority is considered to be a component unit of Gloucester County described in the preceding paragraph due to the fact that the County's Board of Freeholders can appoint and remove five out of seven commissioners. These financial statements would be discretely presented as part of the County's financial statements if the County reported using generally accepted accounting principles applicable to governmental entities.

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.

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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Component units (continued)

SHDC is a 501(c)(3) organization. The Authority and SHDC have interlocking boards of trustees/commissioners and common management. SHDC currently owns land on which an affordable housing project is located. SHDC assisted in the redevelopment of the complex and leases the land to Colonial Park, L.P., (CPLP) a for-profit, limited partnership. SHDC is the management company for Colonial Park, L.P. eMurphyg, Inc., an investee (SHDC owns approximately 80% of the common stock of eMurphyg) of SHDC, holds a .01% interest in Colonial Park, L.P. SHDC has also provided financing to CPLP through a note receivable secured by the fourth mortgage on the building. SHDC charges the project a fee for bookkeeping and management services.

GCHDC is 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. GCHDC charges the project a fee for management services. The Authority provides certain accounting and administrative services to GCHDC. In 2016 and 2015, 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.

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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting (continued)

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. Tenant charges are recognized as revenue when services are provided.

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 year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and budgetary control

The Authority prepares an annual budget as required by N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the year. The State has not yet approved the budget for 2016. The governing body may amend the budget at any point during the year. The Authority's budget includes all operations of the Authority, exclusive of its component 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, 2016 and 2015 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents and investments (continued)

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.

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.

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. 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.

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.

Prepaid expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the Authority's year end.

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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets and depreciation (continued)

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital 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

Deferred outflows and deferred inflows of resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date. See note 7 for more information regarding the pension plan.

The Authority is required to report funding received from HUD for Housing Choice Voucher housing assistance payments, pertaining to future periods, as deferred inflows of resources.

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)

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources 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. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

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

Unrestricted net position – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating and non-operating revenues and expenses

The major sources of revenue for the Authority are various subsidies from the U.S. Department of Housing and Urban Development, state financial assistance, management contract revenue, and charges to tenants. The major sources of revenue for the discretely presented component units are developer's fee earned, interest income on the notes receivable, land lease income, management contract revenue, 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 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. Housing Choice Voucher Program income is recognized based on amounts reported per HUD's Voucher Management System (VMS), with subsequent adjustments computed by HUD in accordance with current regulations. Adjustments made by HUD in periods subsequent to the year-end are reflected in the financial statements when they become known and are not anticipated to be material in amount. 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 year are recorded as unearned revenue.

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)

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, deferred inflows of resources, deferred outflows of resources, 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, 2016, 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 2016 financial statements.

Statement No. 72, Fair Value Measurement and Application

Issued February 2015, this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This Statement was effective for periods beginning after June 15, 2015.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

Issued June 2015, this Statement identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement w effective for periods beginning after June 15, 2015.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards 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. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

Issued June 2015, this Statement's objective is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability.

This Statement is effective for periods beginning after June 15, 2016.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Issued June 2015, this Statement's objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities.

This Statement is effective for periods beginning after June 15, 2017.

Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73

Issued March 2016, this Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standards of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

This Statement is effective for periods beginning after June 15, 2016.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Statement No. 85, Omnibus 2017

Issued March 2017, the objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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 may not be returned to it. The Authority's formal policy regarding custodial credit risk is the same as described in Note 2, N.J.S.A. 17:9-41 et seq. and included in its cash management plan. The Authority shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). 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.

As of December 31, 2016, the bank balances of \$4,695,296 and \$1,017,946 of the Authority and the Component Units, respectively, were insured or collateralized as follows:

	<u>Authority</u>	<u>Component Units</u>
Insured	\$ 500,000	\$ 419,317
Collateralized under GUDPA	4,195,296	-
Uninsured or uncollateralized	<u>-</u>	<u>598,629</u>
	<u>\$ 4,695,296</u>	<u>\$ 1,017,946</u>

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

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

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 \$571,527 as of December 31, 2016.

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, other amounts associated with liabilities for the Housing Choice Voucher program, to hold tenant security deposits, and for other specified purposes. 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.

The Authority's restricted cash is as follows:

	December 31, 2016	2015
Housing Assistance Payments	\$ 1,337,626	\$ 164,817
Family Self-Sufficiency deposits	137,018	80,225
Tenant security deposits	53,587	53,498
Other	16,655	8,029
	<u>\$ 1,544,886</u>	<u>\$ 306,569</u>

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

Note 4: RESTRICTED ASSETS (continued)

Pop Moylan Urban Redevelopment Company LLC, a subsidiary of Gloucester County Housing 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, 2016 and 2015, respectively, the balance of the restricted cash account was \$139,047 and \$138,838 and is included in restricted cash in the component unit column of the financial statements.

Note 5: NOTES RECEIVABLE

Seniors Housing Development Corporation

Seniors Housing Development Corporation of Gloucester County 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 payable on the note at the rate of 3.57% calculated on a 365 day year. 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 payments have been made as of December 31, 2016 or 2015. Interest in the amounts of \$1,712,375 and \$1,419,627 was accrued as of December 31, 2016 and 2015, respectively.

Gloucester County Housing Development Corporation

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, 2016.

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 2028. As of December 31, 2016 and 2015, outstanding principal was \$2,687,622, and accrued interest was \$2,657,256 and \$2,521,699, 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 2028. As of December 31, 2016 and 2015, the outstanding principal was \$520,000, and accrued interest was \$520,788 and \$494,560, respectively.

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

Note 6: CAPITAL ASSETS

The Authority's capital assets activity for the years ended December 31, 2016 and 2015 was as follows:

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
Land	\$ 715,200			\$ 715,200
Buildings	24,531,260	\$ 569,348		25,100,608
Furniture and equipment	2,219,358	222,793	\$ (483,092)	1,959,059
Construction in progress	320,331		(320,331)	-
Leasehold improvements	394,152			394,152
	28,180,301	792,141	(803,423)	28,169,019
Less accumulated depreciation	18,561,067	1,088,999	(482,880)	19,167,186
Net capital assets	<u>\$ 9,619,234</u>	<u>\$ (296,858)</u>	<u>\$ (320,543)</u>	<u>\$ 9,001,833</u>

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015
Land	\$ 715,200			\$ 715,200
Buildings	22,602,723	\$ 1,928,537		24,531,260
Furniture and equipment	2,039,898	179,460		2,219,358
Construction in progress	37,660	282,671		320,331
Leasehold improvements	394,152			394,152
	25,789,633	2,390,668		28,180,301
Less accumulated depreciation	17,562,556	998,511		18,561,067
Net capital assets	<u>\$ 8,227,077</u>	<u>\$ 1,392,157</u>	<u></u>	<u>\$ 9,619,234</u>

Deptford Park apartments experienced flood damage in February 2015. The total insurance proceeds recognized in 2015 totaled \$3,463,475. Of this amount, \$243,536 was not received until 2016. \$243,536 was due to the contractor at December 31, 2015 and was recorded as a payable.

The insurance proceeds were used to make capital improvements totaling \$2,325,010, to cover non-capital costs incurred during remediation totaling \$1,117,483, and to recover lost rental income totaling \$20,982.

The impairment loss was \$571,358 which resulted in a net gain on insurance recovery of \$2,871,135.

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

Note 6: CAPITAL ASSETS (continued)

Component unit capital assets activity for the years ended December 31, 2016 and 2015 was as follows:

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
Land	\$ 762,448			\$ 762,448
Buildings	130,758	\$ 4,498		135,256
Furniture and equipment	2,620			2,620
Construction in progress				
	895,826	4,498		900,324
Less accumulated depreciation	5,663	6,609		12,272
Net capital assets	<u>\$ 890,163</u>	<u>\$ (2,111)</u>		<u>\$ 888,052</u>

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015
Land	\$ 762,448			\$ 762,448
Buildings	63,779	\$ 66,979		130,758
Furniture and equipment	2,279	341		2,620
Construction in progress				
	828,506	67,320		895,826
Less accumulated depreciation	2,869	2,794		5,663
Net capital assets	<u>\$ 825,637</u>	<u>\$ 64,526</u>		<u>\$ 890,163</u>

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

Note 7: PENSION PLAN

Public Employees' Retirement System

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits (the "Division"). The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information about the Pension Plan

Plan Descriptions

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designed purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not a member of another state-administered retirement system or the other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

1. Members who were enrolled prior to July 1, 2007
2. Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3. Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4. Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
5. Members who were eligible to enroll on or after June 28, 2011

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

Note 7: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. Employers' contributions are based on an actuarially determined amount which included the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rates for the years ended December 31, 2016 and 2015 were 12.39% and 11.63%, respectively, of the Authority's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$286,862, and was payable by April 1, 2017. Employee contributions to the plan during the year ended December 31, 2016 were \$168,856.

Based on the PERS measurement date of June 30, 2015, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$259,422, and was payable by April 1, 2016. Employee contributions to the plan during the year ended December 31, 2015 were \$159,109.

Based on the PERS measurement date of June 30, 2014, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$259,422, and was payable by April 1, 2015. Employee contributions to the plan during the year ended December 31, 2014 were \$139,994.

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

Note 7: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016 and 2015, the Authority's proportionate share of the PERS net pension liability was \$5,891,769 and \$6,765,613, respectively.

The net pension liability reported at December 31, 2016 was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Authority's proportion was 0.0322902535%, which was an increase of 0.0021512033% from its proportion measured as of June 30, 2015.

The net pension liability reported at December 31, 2015 was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the Authority's proportion was 0.0301390502%, which was a decrease of 0.0013294771% from its proportion measured as of June 30, 2014.

For the years ended December 31, 2016 and 2015, the Authority recognized pension expense of \$947,892 and \$401,962, respectively. These amounts were based on the plan's June 30, 2016 and 2015 measurement dates, respectively.

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

Note 7: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016 and 2015, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2016		December 31, 2015	
	Measurement Date June 30, 2016		Measurement Date June 30, 2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 177,851		\$ 161,404	
Change of assumptions	1,981,035		726,573	
Net difference between projected and actual earnings on pension plan investments	364,663			\$ 108,778
Changes in proportion and differences between Authority contributions and proportionate share of contributions	360,478	\$ 166,439	12,783	211,180
Authority contributions subsequent to the measurement date	143,431		129,558	
	<u>\$ 3,027,458</u>	<u>\$ 166,439</u>	<u>\$ 1,030,318</u>	<u>\$ 319,958</u>

The deferred outflows of resources related to pensions totaling \$143,431 and \$129,558 will be included as a reduction of the net pension liability in the fiscal years ended December 31, 2017 and 2016, respectively.

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

Note 7: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending December 31,</u>	
2017	\$ 603,003
2018	603,003
2019	693,075
2020	598,773
2021	<u>219,734</u>
	<u>\$ 2,717,588</u>

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

Note 7: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The Authority will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of assumptions		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions		
Year of pension plan deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

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

Note 7: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016 and 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2016	Measurement Date June 30, 2015
Inflation	3.08%	3.04%
Salary increases:		
2012-2021		2.15% - 4.40% Based on age
Through 2026	1.65% - 4.15% Based on age	
Thereafter	2.65% - 5.15% Based on age	3.15% - 5.40% Based on age
Investment rate of return	7.65%	7.90%
Mortality rate table	RP-2000	RP-2000
Period of actuarial experience		
Study upon which actuarial assumptions were based	July 1, 2011 – June 30, 2014	July 1, 2008 – June 30, 2011

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

Note 7: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 and 2015 are summarized in the table below.

Asset Class	Measurement Date June 30, 2016		Measurement Date June 30, 2015	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment grade credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High yield bonds	2.00%	4.56%	2.00%	4.03%
Inflation-indexed bonds	1.50%	3.44%	1.50%	3.25%
Broad US equities	26.00%	8.53%	27.25%	8.52%
Developed foreign equities	13.25%	6.83%	12.00%	6.88%
Emerging market equities	6.50%	9.95%	6.40%	10.00%
Private equity	9.00%	12.40%	9.25%	12.41%
Hedge funds/absolute return	12.50%	4.68%	12.00%	4.72%
Real estate (property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

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

Note 7: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability at December 31, 2016, calculated using a discount rate of 3.98%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Authority's proportionate share of the net pension liability	<u>\$ 11,718,888</u>	<u>\$ 9,563,447</u>	<u>\$ 7,783,943</u>

The following presents the Authority's proportionate share of the net pension liability at December 31, 2015, calculated using a discount rate of 4.90%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Authority's proportionate share of the net pension liability	<u>\$ 8,408,829</u>	<u>\$ 6,765,613</u>	<u>\$ 5,387,952</u>

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

Note 7: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions.

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

Note 8: OTHER POST-RETIREMENT BENEFITS

Other Post-Retirement Benefit Plan

Plan Description – The Gloucester County Housing Authority provides medical benefits to employees that have completed 25 years of public employment with the Authority and have retired from the Authority through a single-employer defined benefit healthcare plan. Employees hired prior to June 22, 2009 are eligible for reimbursement of Medicare Part B premiums.

As of December 31, 2016 and 2015, there were 13 and 11 employees who had retired and 4 and 4 retiree spouses, respectively.

Funding Policy - The contribution requirement of the Authority is the established policy of the Authority and certain employment contracts and may be amended by same. The required contribution is based on projected pay-as-you-go financing requirements. For the years ending December 31, 2016 and 2015, the Authority contributed \$122,841 and \$135,647, respectively, for current premiums and Medicare Part B reimbursements. Plan members are not required to make any contributions to the plan.

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers with 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 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 Authority Plan, and changes in the Authority's net OPEB obligation to the Plan:

	2016	2015
Normal cost	\$ 335,304	\$ 389,605
Unfunded actuarial liability	491,437	496,867
Interest on net OPEB obligation	-	-
Adjustment to ARC	-	-
Annual required contribution (Expense)	826,741	886,472
Contributions made	(122,841)	(135,647)
Increase in net OPEB obligation	703,900	750,825
Net OPEB obligation – beginning of year	2,526,336	1,775,511
Net OPEB obligation – end of year	<u>\$ 3,230,236</u>	<u>\$ 2,526,336</u>

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

Note 8: OTHER POST-RETIREMENT BENEFITS (continued)

Other Post-Retirement Benefit Plan (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for years ended December 31, 2016, 2015, and 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	\$ 826,741	14.9%	\$ 703,900
12/31/2015	886,472	15.3%	750,825
12/31/2014	815,398	5.2%	772,774

Funded Status and Funding Progress - As of December 31, 2013, the most recent actuarial valuation date with an update as of December 31, 2016, the Gloucester County Housing Authority Plan was 0% funded. The actuarial accrued liability for benefits was \$8,020,631, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,020,631. The covered payroll (annual payroll of active employees covered by the plan) was \$2,009,852, and the ratio of the UAAL to the covered payroll was 399.1 percent. Actuarial valuations of an ongoing plan involve 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 following the notes to the financial statements, compares the assets used for funding purposes to the comparable liabilities to determine how well the Gloucester County Housing Authority Plan is funded. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The Actuarial Accrued Liability under GASB is determined assuming that the Gloucester County Housing Authority Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

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

Note 8: OTHER POST-RETIREMENT BENEFITS (continued)

Other Post-Retirement Benefit Plan (continued)

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 methods and assumptions were used/made:

Actuarial funding method – Unit credit cost method

Mortality – Life expectancies were based on mortality tables from the 1994 sex distinct Group Annuity Mortality Table.

Discount rate – Future costs are discounted at 5.00% compounded annually

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

<u>Age</u>	<u>% Terminating</u>
20	70.4%
40	15.9%
50	0.0%

Disability – No terminations of employment due to disability. Retirees resulting from a disability were factored into the determination of age at retirement.

Age at Retirement – Active participants, on average, will receive their benefits when eligible but no earlier than age 55.

Spousal coverage – Married employees are assumed to remain married.

Health care cost of inflation – Health care gross costs will increase at a 7% annual rate for pre-Medicare medical benefits and 5% for post-Medicare medical benefits.

Administration expenses – Cost to administer the retiree claims are approximately 2% and included in the annual health care costs.

Final average salary – For retirees over age 55, the final average salary is assumed to be \$43,466.

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

Note 8: OTHER POST-RETIREMENT BENEFITS (continued)

Other Post-Retirement Benefit Plan (continued)

Methods and Assumptions (continued)

Current per Capita claim costs – The average claims cost is \$39,120 for covered retiree family coverage and \$15,648 for single coverage prior to age 65. Over age 65, the average claims cost is \$11,472 per covered retiree family coverage and \$5,736 for single coverage. Retiree health insurance contributions do not apply to employees that have 20 years or more of service in a state or local retirement system as of June 28, 2011 (the effective date of Chapter 78 of P.L. 2011) and meet the eligibility requirements of the employer pursuant to N.J.S.A. 40A:10-23.

Annual required contribution (ARC)– The actuarial accrued liability will be amortized over thirty years, the maximum funding period permitted.

Actuarial funding method – The “unit credit” cost method was employed in establishing the annual required contribution and actuarial accrued liability for the participants.

Note 9: SELF-INSURANCE

Plan Description - The Authority is self-insured for employee healthcare, effective May 1, 2013. The plan administrator is the Insurance Administrator of America, Inc.

Expenses related to the plan are reported when invoices are received from the plan administrator. A liability is also accrued for claims that have been incurred but not reported including the future costs of handling claims. This liability is based on an estimate calculated by the plan administrator and deemed to be reasonable based on payments made in the first few months after year end. This liability is included in accounts payable and accrued expenses in the statements of net position.

Changes in the total reported liability and benefits obligations for the year ended December 31, 2016 are summarized as follows:

Balance, beginning of year	\$ 70,381
Claims incurred and changes in estimates	1,072,947
Claim payments	<u>(1,065,078)</u>
Balance, end of year	<u>\$ 78,250</u>

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

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,	
	2016	2015
	Compensated Absences	Compensated Absences
Beginning balance	\$ 171,968	\$ 172,565
Increase	315,841	274,447
Decrease	294,699	275,044
Ending balance	193,110	171,968
Current portion	\$ 109,575	\$ 97,254

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, 2016 and 2015 is as follows:

Statements of Net Position – December 31, 2016

	SHDC	GCHDC	AHA	Total
ASSETS				
Current assets	\$ 2,198,718	\$ 29,075	\$ 20,337	\$ 2,248,130
Non-current restricted cash and investments		139,047		139,047
Capital assets	488,967	399,085		888,052
Other noncurrent assets	11,102,324	6,556,245		17,658,569
Total assets	<u>\$ 13,790,009</u>	<u>\$ 7,123,452</u>	<u>\$ 20,337</u>	<u>\$ 20,933,798</u>
LIABILITIES AND NET POSITION				
Current liabilities	\$ 28,234	\$ 156,750	\$ 30	\$ 185,014
Non-current liabilities		82,800		82,800
Total liabilities	<u>28,234</u>	<u>239,550</u>	<u>30</u>	<u>267,814</u>
Net investment in capital assets	488,967	399,085		888,052
Unrestricted	13,272,808	6,484,817	\$ 20,307	19,777,932
Total net position	<u>13,761,775</u>	<u>6,883,902</u>	<u>20,307</u>	<u>20,665,984</u>
	<u>\$ 13,790,009</u>	<u>\$ 7,123,452</u>	<u>\$ 20,337</u>	<u>\$ 20,933,798</u>

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

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

Statements of Revenue, Expenses and Changes in Net Position – December 31, 2016

	<u>SHDC</u>	<u>GCHDC</u>	<u>AHA</u>	<u>Total</u>
Operating revenue	\$ 550,137	\$ 214,979		\$ 765,116
Operating expenses	<u>387,369</u>	<u>173,670</u>	<u>\$ 1,681</u>	<u>562,720</u>
Operating income (loss)	162,768	41,309	(1,681)	202,396
Non-operating income (expenses)	<u>(4,316)</u>	<u>(4,008)</u>	<u>32</u>	<u>(8,292)</u>
Change in net position	158,452	37,301	(1,649)	194,104
Beginning net position	<u>13,603,323</u>	<u>6,846,601</u>	<u>21,956</u>	<u>20,471,880</u>
Ending net position	<u><u>\$ 13,761,775</u></u>	<u><u>\$ 6,883,902</u></u>	<u><u>\$ 20,307</u></u>	<u><u>\$ 20,665,984</u></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, 2015

	<u>SHDC</u>	<u>GCHDC</u>	<u>AHA</u>	<u>Total</u>
ASSETS				
Current assets	\$ 1,849,656	\$ 34,370	\$ 21,956	\$ 1,905,982
Non-current restricted cash and investments		138,838		138,838
Capital assets	491,078	399,085		890,163
Other noncurrent assets	11,289,798	6,364,316		17,654,114
	<u>11,289,798</u>	<u>6,364,316</u>		<u>17,654,114</u>
Total assets	<u>\$ 13,630,532</u>	<u>\$ 6,936,609</u>	<u>\$ 21,956</u>	<u>\$ 20,589,097</u>
LIABILITIES AND NET POSITION				
Current liabilities	\$ 27,209	\$ 11,436		\$ 38,645
Non-current liabilities		78,572		78,572
	<u>27,209</u>	<u>78,572</u>		<u>78,572</u>
Total liabilities	<u>27,209</u>	<u>90,008</u>		<u>117,217</u>
Net investment in capital assets	491,078	399,085		890,163
Unrestricted	13,112,244	6,447,516	\$ 21,956	19,581,716
	<u>13,112,244</u>	<u>6,447,516</u>	<u>\$ 21,956</u>	<u>19,581,716</u>
Total net position	<u>13,603,323</u>	<u>8,846,601</u>	<u>21,956</u>	<u>20,471,879</u>
	<u>\$ 13,630,532</u>	<u>\$ 6,936,609</u>	<u>\$ 21,956</u>	<u>\$ 20,589,097</u>

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

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

Statements of Revenue, Expenses and Changes in Net Position – December 31, 2015

	<u>SHDC</u>	<u>GCHDC</u>	<u>AHA</u>	<u>Total</u>
Operating revenue	\$ 516,892	\$ 214,192		\$ 731,084
Operating expenses	<u>299,156</u>	<u>104,868</u>	<u>\$ 2,045</u>	<u>406,069</u>
Operating income (loss)	217,736	109,324	(2,045)	325,015
Non-operating income (expenses)	<u>(65,785)</u>	<u>(2,479)</u>	<u>35</u>	<u>68,229</u>
Change in net position	151,951	106,845	(2,010)	256,786
Beginning net position	<u>13,451,372</u>	<u>6,739,756</u>	<u>23,966</u>	<u>20,215,094</u>
Ending net position	<u>\$ 13,603,323</u>	<u>\$ 6,846,601</u>	<u>\$ 21,956</u>	<u>\$ 20,471,880</u>

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

Note 11: COMPONENT UNIT INFORMATION (continued)

Seniors Housing Development Corporation:

SHDC served as developer for the substantial renovation of the Colonial Park Apartments. For the performance of this function, SHDC has earned a development fee of \$3,065,643. \$400,000 was received from Colonial Park, L.P. in 2016 and \$38,047 was received in 2015. Development fee receivable is \$1,904,705 and \$2,304,705 as of December 31, 2016 and 2015, respectively. Any amount of the development fee, including deferred development fee, that has not been paid in full will become due on December 31, 2025.

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. The lease amounts are \$70,000 and \$65,000 for 2016 and 2015, respectively. These amounts have been accrued as a receivable in the financial statements, in addition to interest of \$29,500 and \$21,350 for 2016 and 2015, respectively. Cumulative principal and interest at December 31, 2016 and 2015 is \$349,450 and \$249,950, respectively.

SHDC owns a single family home, which it rented to an HAGC Housing Choice Voucher holder during 2016. Housing assistance payments received for the year ended December 31, 2016 total \$12,837.

Beginning in January 2012, SHDC served as the management company for CPLP. The management and bookkeeping fees are established by the New Jersey Housing and Mortgage Finance Agency (NJHMFA). At December 31, 2016 and 2015, the management fee was \$52.53 and \$52.16 per unit per month, respectively, and the bookkeeping fee was \$6.62 and \$6.60 per unit per month, respectively, and capped at \$1,023 and \$1,020 per month, respectively. At December 31, 2016 and 2015, SHDC incurred management fees of \$126,072 and \$125,184, respectively, and bookkeeping fees of \$12,276 and \$12,240, respectively to CPLP.

Additionally during the year, SHDC provided a contribution to the Authority totaling \$39,218 relating to a phone system purchased in 2015. SHDC provided contributions to CPLP totaling \$5,409 and \$27,809 relating to furniture and window treatments CPLP purchased in 2016 and 2015, respectively.

See note 5 for mortgage receivable information. See note 6 for capital asset information.

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

Note 11: COMPONENT UNIT INFORMATION (continued)

Gloucester County Housing Development Corporation:

GCHDC manages a rental property owned by Pop Moylan, a related party. The management and bookkeeping fees are established by the New Jersey Housing and Mortgage Finance Agency (NJHMFA). At December 31, 2016 and 2015, the management fee was \$54.89 and \$54.53 per unit per month, respectively. The bookkeeping fee is paid by Pop Moylan to the Authority. Management fees totaling \$52,694 and \$52,349 were accrued for the years ending December 31, 2016 and 2015, respectively. During the years ended December 31, 2016 and 2015, Pop Moylan paid the GCHDC a total of \$105,668 and \$54,756, respectively, of accrued management fees due to sufficient cash flow of Pop Moylan as defined by the Operating Agreement. As of December 31, 2016 and 2015, \$180,130 and \$233,064 of management fee is receivable and included in due from affiliate on the balance sheet.

See note 5 for mortgage receivable information. See note 6 for capital asset information.

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, 2016, the Authority had commitments to expend approximately \$48,916 for various capital improvements and related costs for the 2014, 2015, and 2016 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, 2016. 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 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	Housing Choice Voucher	\$	385,855
General Management Fund	Revolving Fund		236,704
Colonial Park Management	Revolving Fund		168,113
Revolving Fund	Public Housing		143,675
Congregate	Revolving Fund		39,921
Moderate Rehab 5	Revolving Fund		11,615
Expanded Housing Opportunities	Revolving Fund		6,266
Revolving Fund	HAP Disbursement		60
		\$	992,209

Between the Authority and Component Units

<u>Due to (from)</u> <u>Authority</u>	<u>Due to (from)</u> <u>Component Units</u>		
Revolving Fund	SHDC	\$	239,301
Revolving Fund	GCHDC		(146,245)
		\$	93,056

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.

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY

OTHER REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY
Other Required Supplementary Information
Schedule of Funding Progress
Other Post-Retirement Plan (OPEB)
December 31, 2016

The schedules of funding progress below show the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the un-funded actuarial accrued liability (UAAL) to payroll for the Housing Authority of Gloucester County's other post-retirement benefit 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)
12/31/2014	- \$	7,495,967	\$ 7,495,967	- \$	2,196,614	341.3%
12/31/2015	-	8,019,959	8,019,959	-	2,082,479	385.1%
12/31/2016	-	8,020,631	8,020,631	-	2,009,852	399.1%

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY
Other Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Four Years

	<u>Measurement Date Ending June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	0.0322902535%	0.0301390502%	0.0314685273%	0.0313715206%
Authority's proportionate share of the net pension liability	\$ 9,563,447	\$ 6,765,613	\$ 5,891,769	\$ 5,995,721
Authority's covered payroll	\$ 2,206,956	\$ 2,070,532	\$ 2,159,368	\$ 2,140,256
Authority's proportionate share of the net pension liability as a percentage of it's covered payroll	433.33%	326.76%	272.85%	280.14%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY
Other Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
Last Four Years

	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 286,862	\$ 259,115	\$ 259,422	\$ 236,378
Contributions in relation to the contractually required contribution	<u>(286,862)</u>	<u>(259,115)</u>	<u>(259,422)</u>	<u>(236,378)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 2,314,425	\$ 2,228,851	\$ 2,008,847	\$ 2,095,995
Contributions as a percentage of Authority's covered payroll	12.39%	11.63%	12.91%	11.28%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY
Other Note to Required Supplementary Information
For the Year Ended December 31, 2016

Note to Required Supplementary Information (PERS)

Changes in benefit terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY

SUPPLEMENTARY INFORMATION

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

DECEMBER 31, 2016

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	TOTAL BUSINESS ACTIVITIES	HOUSING CHOICE VOUCHER PRM	FAMILY SELF SUFFICEINCY	MODERATE REHABILITATION	CONGREGATE SERVICES	TBRA	ROSS
BALANCE SHEET								
ASSETS:								
CASH:								
111	Cash Unrestricted	1,217,469	304,801	-	38,842	110,040	-	-
112	Cash - Restricted -Modernization	-	-	-	-	-	-	-
113	Cash - Other Restricted	16,655	1,467,394	-	-	-	-	-
114	Cash - Tenant Security Deposits	10,036	-	-	-	-	-	-
115	Cash - restricted for payment of current Liabilities	-	-	-	-	-	-	-
Total Cash		1,244,160	1,772,195	-	38,842	110,040	-	-
RECEIVABLES:								
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	39,200	-	-	-	-	7,380
124	Accounts receivable - other government	27,624	-	-	-	17,535	10,819	-
125	Accounts receivable - miscellaneous	110,574	6,386	-	-	-	-	-
126	Accounts receivable- tenants - dwelling rents	1,810	-	-	-	3,967	-	-
126.1	Allowance for doubtful accounts - dwelling rents	(800)	-	-	-	(2,800)	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-
Total Receivables, Net		139,208	45,586	-	-	18,702	10,819	7,380
INVESTMENTS & OTHER CURRENT ASSETS::								
131	Investments - unrestricted	571,527	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-
135	Investments - restrict for pay't of curr Liabilities	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	14,438	22,499	-	55	2,532	-	-
143	Inventories	4,856	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-
144	Interprogram due from	421,511	-	-	371	39,921	-	-
145	Assets held for sale	-	-	-	-	-	-	-
Total Other Current Assets		1,012,332	22,499	-	426	42,453	-	-
TOTAL CURRENT ASSETS		2,395,700	1,840,280	-	39,268	171,195	10,819	7,380
FIXED ASSETS:								
161	Land	276,200	-	-	-	-	-	-
162	Buildings	912,506	-	-	-	-	-	-
163	Furniture, equipment & mach. - dwellings	6,845	-	-	-	-	-	-
164	Furniture, equipment & mach. - admin.	292,889	150,048	-	-	15,939	-	-
165	Leasehold improvements	222,379	-	-	-	-	-	-
166	Accumulated depreciation	(989,005)	(150,048)	-	-	(5,313)	-	-
167	Construction in Progress	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-
Total Capital Assets/Fixed Assets, net		721,814	-	-	-	10,626	-	-

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	TOTAL BUSINESS ACTIVITIES	HOUSING CHOICE VOUCHER PRM	FAMILY SELF SUFFICEINCY	MODERATE REHABILITATION	CONGREGATE SERVICES	TBRA	ROSS
NON-CURRENT ASSETS:								
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-	-
172	Notes and mortgages receivable-non-current-past due	-	-	-	-	-	-	-
173	Grants receivable -- non-current	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-
175	Undistributed debits	-	2,791	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-	-
Total Non-Current Assets		-	2,791	-	-	-	-	-
200	Deferred Outflow of Resources	605,312	1,003,156	-	14,583	177,029	-	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES		3,722,826	2,846,227	-	53,851	358,850	10,819	7,380
LIABILITIES:								
CURRENT LIABILITIES:								
311	Bank overdraft	-	-	-	-	-	-	-
312	Accounts payable < 90 days	107,964	82,341	-	920	20,833	-	-
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	108,930	-	-	-	-	-	-
322	Accrued compensated absences	48,303	29,221	-	-	-	-	-
324	Accrued contingency liability	7,371	19,446	-	224	3,724	-	-
325	Accrued interest payable	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	3,555	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-
333	Accounts payable - other gov.	6,951	-	-	-	-	-	-
341	Tenant security deposits	10,036	-	-	-	-	-	-
342	Unearned Revenue	14,832	122,743	-	12,964	2,381	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-
345	Other current liabilities	736	10,773	-	1,157	-	389	-
346	Accrued liabilities - other	39,900	-	-	-	-	-	-
347	Inter-program (due to)	26,652	374,103	-	-	-	10,430	7,380
348	Loan Liability - Current	-	-	-	-	-	-	-
Total Current Liabilities		371,675	638,627	-	18,820	26,938	10,819	7,380

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	TOTAL BUSINESS ACTIVITIES	HOUSING CHOICE VOUCHER PRM	FAMILY SELF SUFFICEINCY	MODERATE REHABILITATION	CONGREGATE SERVICES	TBRA	ROSS
NON-CURRENTS LIABILITIES:								
351	Long-term debt, net of current- capital projects	-	-	-	-	-	-	-
352	Long-term debt, net of current- operating borrowings	-	-	-	-	-	-	-
353	Noncurrent liabilities- other	-	129,767	-	-	-	-	-
354	Noncurrent compensated balances	36,361	22,498	-	-	-	-	-
355	Loan Liability -- non-current	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	1,366,446	5,491,603	-	76,137	807,345	-	-
Total Non-Current Liabilities		1,402,807	5,643,868	-	76,137	807,345	-	-
TOTAL LIABILITIES		1,774,482	6,282,495	-	94,957	834,283	10,819	7,380
400	Deferred Inflow of Resources	82,544	1,307,578	-	1,359	1,165	-	-
EQUITY:								
508.4	Net Investment in Capital Assets	721,814	-	-	-	10,626	-	-
511.4	Restricted Net Position	-	44,955	-	-	-	-	-
512.4	Unrestricted Net Position	1,143,986	(4,788,801)	-	(42,465)	(487,224)	-	-
TOTAL EQUITY - NET ASSETS / POSITION		1,865,800	(4,743,846)	-	(42,465)	(476,598)	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY		3,722,826	2,846,227	-	53,851	358,850	10,819	7,380

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	TOTAL BUSINESS ACTIVITIES	HOUSING CHOICE VOUCHER PRM	FAMILY SELF SUFFICEINCY	MODERATE REHABILITATION	CONGREGATE SERVICES	TBRA	ROSS
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INCOME STATEMENT

REVENUES:

70300	Net tenant rental revenue	113,928	-	-	-	-	-	-
70400	Tenant revenue - other	463	-	-	-	81,951	-	-

Total Tenant Revenue		114,391	-	-	-	81,951	-	-
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ALL OTHER REVENUE:

70600	HUD PHA Operating Grants	-	16,095,604	43,400	131,378	-	99,188	123,770
70610	HUD Capital Grants	-	-	-	-	-	-	-
70710	Management Fees	-	-	-	-	-	-	-
70720	Asset Management Fees	-	-	-	-	-	-	-
70730	Bookkeeping Fees	-	-	-	-	-	-	-
70740	Front Line Service Fees	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	194,164	-	-
71100	Investment income - unrestricted	5,400	1,133	-	23	26	-	-
71200	Mortgage interest income	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-
71400	Fraud recovery	-	16,170	-	-	-	-	-
71500	Other revenue	769,926	10,085	-	-	10	-	-
71600	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-

Total All Other Revenue		775,326	16,122,992	43,400	131,401	194,200	99,188	123,770
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TOTAL REVENUE		889,717	16,122,992	43,400	131,401	276,151	99,188	123,770
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EXPENSES:

ADMINISTRATIVE EXPENSE:

91100	Administrative salaries	479,953	698,309	24,121	8,071	20,000	-	-
91200	Auditing fees	3,000	20,300	-	1,500	700	-	-
91300	Management fees	-	-	-	-	-	9,185	-
91310	Bookkeeping Fee	-	-	-	-	-	-	-
91400	Advertising and marketing	1,873	299	-	-	-	-	-
91500	Employee benefit contributions- administrative	591,342	757,569	19,279	8,309	5,000	-	-
91600	Office Expense	117,182	136,387	-	882	850	-	-
91700	Legal Expense	41,712	6,664	-	-	-	-	-
91800	Travel	18,395	3,297	-	-	3,668	-	2,204
91810	Allocated Overhead	-	-	-	-	-	-	-
91900	Other	5,331	5,283	-	9	878	-	-

Total Administrative Expense		1,258,788	1,628,108	43,400	18,771	31,096	9,185	2,204
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HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	TOTAL BUSINESS ACTIVITIES	HOUSING CHOICE VOUCHER PRM	FAMILY SELF SUFFICEINCY	MODERATE REHABILITATION	CONGREGATE SERVICES	TBRA	ROSS
92000	Asset Management Fee	-	-	-	-	-	-	-
TENANT SERVICES:								
92100	Tenant services - salaries	-	-	-	-	117,053	-	42,224
92200	Relocation Costs	-	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	137,121	-	35,291
92400	Tenant services - other	-	-	-	-	54,528	-	44,051
Total Tenant Services		-	-	-	-	308,702	-	121,566
UTILITIES:								
93100	Water	6,263	-	-	-	-	-	-
93200	Electricity	235	-	-	-	-	-	-
93300	Gas	372	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-	-
93600	Sewer	7,550	-	-	-	-	-	-
93700	Employee benefit contributions- utilities	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-
Total Utilities		14,420	-	-	-	-	-	-
ORDINARY MAINTENANCE AND OPERATIONS:								
94100	Ordinary maint and op - labor	20,657	-	-	-	-	-	-
94200	Ordinary maintenance and op - materials & other	8,062	-	-	-	-	-	-
94300	Ordinary maintenance and op - contract costs	18,992	-	-	-	-	-	-
94500	Employee benefit contributions- ord. maintenance.	14,938	-	-	-	-	-	-
Total Maintenance		62,649	-	-	-	-	-	-
PROTECTIVE SERVICE:								
95100	Protective services - labor	-	-	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-	-
Total Protective Services		-	-	-	-	-	-	-
INSURANCE:								
96110	Property Insurance	13,250	4,391	-	2	5,294	-	-
96120	Liability Insurance	4,837	24,665	-	139	-	-	-
96130	Workers Compensation	8,338	35,522	-	187	4,494	-	-
96140	All Other Insurance	2,642	15,493	-	52	-	-	-
Total Insurance		29,067	80,071	-	380	9,788	-	-

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	TOTAL BUSINESS ACTIVITIES	HOUSING CHOICE VOUCHER PRM	FAMILY SELF SUFFICEINCY	MODERATE REHABILITATION	CONGREGATE SERVICES	TBRA	ROSS
GENERAL EXPENSES:								
96200	Other General Expenses	-	7,814	-	-	-	-	-
96210	Compensated Absences	16,479	5,164	-	-	-	-	-
96300	Payments in lieu of taxes	6,951	-	-	-	-	-	-
96400	Bad debt - tenant rents	58	-	-	-	1,800	-	-
96500	Bad debt- mortgages	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-
Total General Expense		23,488	12,978	-	-	1,800	-	-
INTEREST AND AMORTIZATION:								
96710	Interest on Mortgage (or bonds) Payable	-	-	-	-	-	-	-
96720	Interest on Notes Payable	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-
Total Interst and Amortization		-	-	-	-	-	-	-
TOTAL OPERATING EXPENSE		1,388,412	1,721,157	43,400	19,151	351,386	9,185	123,770
EXCESS OPERATING REVENUE OVER OPERATING EXPENSE		(498,695)	14,401,835	-	112,250	(75,235)	90,003	-
OTHER EXPENSES:								
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	14,831,584	-	114,762	-	90,003	-
97350	HAP Portability-In	-	-	-	-	-	-	-
97400	Depreciation expense	85,166	-	-	-	2,277	-	-
97500	Fraud losses	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
Total Other Expenses		85,166	14,831,584	-	114,762	2,277	90,003	-
TOTAL EXPENSES		1,473,578	16,552,741	43,400	133,913	353,663	99,188	123,770

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	TOTAL BUSINESS ACTIVITIES	HOUSING CHOICE VOUCHER PRM	FAMILY SELF SUFFICEINCY	MODERATE REHABILITATION	CONGREGATE SERVICES	TBRA	ROSS
OTHER FINANCING SOURCES:								
10010	Operating Transfer In	-	-	-	-	-	-	-
10020	Operating Transfer Out	-	-	-	-	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Units	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080	Special Items, Net Gain/Loss	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-
10094	Transfers between Program and Project - Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)		-	-	-	-	-	-	-
EXCESS OF TOTAL REVENUE OVER TOTAL EXPENSES		(583,861)	(429,749)	-	(2,512)	(77,512)	-	-
MEMOS AND ADJUSTMENTS:								
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030	Beginning Equity	2,449,661	(4,314,097)	-	(39,953)	(399,086)	-	-
11040	Prior Period Adjustments, Equity Transfers and Correctio	-	-	-	-	-	-	-
MEMO DETAILS:								
11170	Administrative Fee Equity	-	(4,788,801)	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	44,955	-	-	-	-	-
11190	Unit Months Available	156	23,269	-	180	-	131	-
11210	Number of Unit Months Leased	144	20,686	-	176	-	131	-
PURCHASE DETAILS:								
11610	Land Purchases	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling, Purchases	-	-	-	-	-	-	-
11640	Furniture & Equipment - Dwelling, Administrative, Purch	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-
OTHER MEMOS:								
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	PUBLIC HOUSING TOTAL	PUBLIC HOUSING CENTRAL OFFICE	CAPITAL GRANT	PUBLIC HOUSING ELIMINATIONS	PH FAMILY SCATTERED-SITES	PH FAMILY CAPITAL GRANT	CARINO PARK APARTMENTS
BALANCE SHEET								
ASSETS:								
CASH:								
111	Cash Unrestricted	1,365,026	12,328	-	-	536,967	-	592,628
112	Cash - Restricted -Modernization	-	-	-	-	-	-	-
113	Cash - Other Restricted	7,251	-	-	-	7,251	-	-
114	Cash - Tenant Security Deposits	43,551	-	-	-	29,909	-	6,546
115	Cash - restricted for payment of current Liabilities	-	-	-	-	-	-	-
Total Cash		1,415,828	12,328	-	-	574,127	-	599,174
RECEIVABLES:								
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	3,198	-	-	-	-	-	2,506
126	Accounts receivable- tenants - dwelling rents	23,935	-	-	-	15,526	-	3,949
126.1	Allowance for doubtful accounts - dwelling rents	(17,800)	-	-	-	(11,800)	-	(2,400)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-
Total Receivables, Net		9,333	-	-	-	3,726	-	4,055
INVESTMENTS & OTHER CURRENT ASSETS::								
131	Investments - unrestricted	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-
135	Investments - restrict for pay't of curr Liabilities	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	34,557	5,411	-	-	15,362	-	6,916
143	Inventories	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-
144	Interprogram due from	54,846	-	-	-	18,386	-	18,659
145	Assets held for sale	-	-	-	-	-	-	-
Total Other Current Assets		89,403	5,411	-	-	33,748	-	25,575
TOTAL CURRENT ASSETS		1,514,564	17,739	-	-	611,601	-	628,804
FIXED ASSETS:								
161	Land	439,000	-	-	-	274,000	-	25,000
162	Buildings	24,188,103	-	-	-	8,350,759	-	8,040,005
163	Furniture, equipment & mach. - dwellings	505,629	-	-	-	62,401	-	157,120
164	Furniture, equipment & mach. - admin.	987,703	118,550	-	-	91,046	-	471,630
165	Leasehold improvements	171,773	171,773	-	-	-	-	-
166	Accumulated depreciation	(18,022,815)	(197,995)	-	-	(6,793,375)	-	(6,077,085)
167	Construction in Progress	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-
Total Capital Assets/Fixed Assets, net		8,269,393	92,328	-	-	1,984,831	-	2,616,670

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	PUBLIC HOUSING TOTAL	PUBLIC HOUSING CENTRAL OFFICE	CAPITAL GRANT	PUBLIC HOUSING ELIMINATIONS	PH FAMILY SCATTERED-SITES	PH FAMILY CAPITAL GRANT	CARINO PARK APARTMENTS
NON-CURRENT ASSETS:								
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-	-
172	Notes and mortgages receivable-non-current-past due	-	-	-	-	-	-	-
173	Grants receivable -- non-current	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-
175	Undistributed debits	-	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-	-
Total Non-Current Assets		-	-	-	-	-	-	-
200	Deferred Outflow of Resources	1,227,379	533,860	-	-	221,871	-	235,505
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES		11,011,336	643,927	-	-	2,818,303	-	3,480,979
LIABILITIES:								
CURRENT LIABILITIES:								
311	Bank overdraft	-	-	-	-	-	-	-
312	Accounts payable < 90 days	165,703	99,004	-	-	23,685	-	24,826
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-
322	Accrued compensated absences	32,051	17,479	-	-	3,578	-	4,698
324	Accrued contingency liability	22,588	9,154	-	-	4,389	-	4,622
325	Accrued interest payable	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-
333	Accounts payable - other gov.	52,110	-	-	-	26,033	-	9,170
341	Tenant security deposits	43,551	-	-	-	29,909	-	6,546
342	Unearned Revenue	4,950	-	-	-	849	-	2,769
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-
345	Other current liabilities	100	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-
347	Inter-program (due to)	191,140	191,140	-	-	-	-	-
348	Loan Liability - Current	-	-	-	-	-	-	-
Total Current Liabilities		512,193	316,777	-	-	88,443	-	52,631

HOUSING AUTHORITY OF GLOUCESTER COUNTY
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FDS LINE	FDS DESCRIPTION	PUBLIC HOUSING TOTAL	PUBLIC HOUSING CENTRAL OFFICE	CAPITAL GRANT	PUBLIC HOUSING ELIMINATIONS	PH FAMILY SCATTERED-SITES	PH FAMILY CAPITAL GRANT	CARINO PARK APARTMENTS
NON-CURRENTS LIABILITIES:								
351	Long-term debt, net of current- capital projects	-	-	-	-	-	-	-
352	Long-term debt, net of current- operating borrowings	-	-	-	-	-	-	-
353	Noncurrent liabilities- other	7,251	-	-	-	7,251	-	-
354	Noncurrent compensated balances	24,676	13,457	-	-	2,755	-	3,617
355	Loan Liability -- non-current	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	5,195,583	1,800,123	-	-	1,160,502	-	1,062,859
Total Non-Current Liabilities		5,227,510	1,813,580	-	-	1,170,508	-	1,066,476
TOTAL LIABILITIES		5,739,703	2,130,357	-	-	1,258,951	-	1,119,107
400	Deferred Inflow of Resources	53,487	31,148	-	-	4,193	-	7,465
EQUITY:								
508.4	Net Investment in Capital Assets	8,269,393	92,328	-	-	1,984,831	-	2,616,670
511.4	Restricted Net Position	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	(3,051,247)	(1,609,906)	-	-	(429,672)	-	(262,263)
TOTAL EQUITY - NET ASSETS / POSITION		5,218,146	(1,517,578)	-	-	1,555,159	-	2,354,407
TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY		11,011,336	643,927	-	-	2,818,303	-	3,480,979

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	PUBLIC HOUSING TOTAL	PUBLIC HOUSING CENTRAL OFFICE	CAPITAL GRANT	PUBLIC HOUSING ELIMINATIONS	PH FAMILY SCATTERED-SITES	PH FAMILY CAPITAL GRANT	CARINO PARK APARTMENTS
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INCOME STATEMENT

REVENUES:

70300	Net tenant rental revenue	835,863	-	-	-	298,866	-	238,689
70400	Tenant revenue - other	4,042	-	-	-	3,028	-	689

Total Tenant Revenue		839,905	-	-	-	301,894	-	239,378
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ALL OTHER REVENUE:

70600	HUD PHA Operating Grants	876,555	-	-	-	201,594	8,535	327,788
70610	HUD Capital Grants	430,598	-	-	-	-	227,335	-
70710	Management Fees	162,809	365,479	-	(202,670)	-	-	-
70720	Asset Management Fees	-	-	-	-	-	-	-
70730	Bookkeeping Fees	-	22,583	-	(22,583)	-	-	-
70740	Front Line Service Fees	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-
70800	Other government grants	4,611	-	-	-	750	-	3,861
71100	Investment income - unrestricted	3,170	-	-	-	1,259	-	1,389
71200	Mortgage interest income	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-
71500	Other revenue	60,070	1,964	-	-	27	-	51,564
71600	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-

Total All Other Revenue		1,537,813	390,026	-	(225,253)	203,630	235,870	384,602
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TOTAL REVENUE		2,377,718	390,026	-	(225,253)	505,524	235,870	623,980
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EXPENSES:

ADMINISTRATIVE EXPENSE:

91100	Administrative salaries	468,814	341,438	-	-	39,128	-	45,230
91200	Auditing fees	14,400	2,500	-	-	3,100	-	4,400
91300	Management fees	36,071	-	-	(202,670)	48,194	8,535	75,118
91310	Bookkeeping Fee	-	-	-	(22,583)	5,370	-	8,370
91400	Advertising and marketing	381	73	-	-	83	-	149
91500	Employee benefit contributions- administrative	591,397	382,701	-	-	73,342	-	70,762
91600	Office Expense	55,503	33,510	-	-	1,333	-	9,495
91700	Legal Expense	18,909	-	-	-	16,140	-	1,164
91800	Travel	11,483	8,684	-	-	497	-	628
91810	Allocated Overhead	-	-	-	-	-	-	-
91900	Other	3,950	542	-	-	1,163	-	178

Total Administrative Expense		1,200,908	769,448	-	(225,253)	188,350	8,535	215,494
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HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	PUBLIC HOUSING TOTAL	PUBLIC HOUSING CENTRAL OFFICE	CAPITAL GRANT	PUBLIC HOUSING ELIMINATIONS	PH FAMILY SCATTERED-SITES	PH FAMILY CAPITAL GRANT	CARINO PARK APARTMENTS
92000	Asset Management Fee	-	-	-	-	-	-	-
TENANT SERVICES:								
92100	Tenant services - salaries	44,823	-	-	-	-	-	22,587
92200	Relocation Costs	-	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	36,968	-	-	-	-	-	18,362
92400	Tenant services - other	5,485	-	-	-	-	-	2,172
Total Tenant Services		87,276	-	-	-	-	-	43,121
UTILITIES:								
93100	Water	61,531	-	-	-	22,231	-	25,926
93200	Electricity	88,238	-	-	-	759	-	45,641
93300	Gas	57,141	-	-	-	949	-	22,562
93400	Fuel	523	-	-	-	329	-	194
93600	Sewer	120,532	-	-	-	27,460	-	52,672
93700	Employee benefit contributions- utilities	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-
Total Utilities		327,965	-	-	-	51,728	-	146,995
ORDINARY MAINTENANCE AND OPERATIONS:								
94100	Ordinary maint and op - labor	278,705	1,486	-	-	111,608	-	85,367
94200	Ordinary maintenance and op - materials & other	54,288	767	-	-	27,979	-	12,020
94300	Ordinary maintenance and op - contract costs	142,991	-	-	-	50,040	-	47,851
94500	Employee benefit contributions- ord. maintenance.	223,749	1,568	-	-	85,639	-	69,398
Total Maintenance		699,733	3,821	-	-	275,266	-	214,636
PROTECTIVE SERVICE:								
95100	Protective services - labor	-	-	-	-	-	-	-
95200	Protective services- other contract costs	151,802	-	-	-	-	-	76,065
95300	Protective services - other	-	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-	-
Total Protective Services		151,802	-	-	-	-	-	76,065
INSURANCE:								
96110	Property Insurance	88,843	3,880	-	-	57,784	-	13,447
96120	Liability Insurance	9,750	2,270	-	-	2,228	-	2,626
96130	Workers Compensation	35,852	13,249	-	-	6,865	-	8,102
96140	All Other Insurance	9,506	855	-	-	2,577	-	3,037
Total Insurance		143,951	20,254	-	-	69,454	-	27,212

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	PUBLIC HOUSING TOTAL	PUBLIC HOUSING CENTRAL OFFICE	CAPITAL GRANT	PUBLIC HOUSING ELIMINATIONS	PH FAMILY SCATTERED-SITES	PH FAMILY CAPITAL GRANT	CARINO PARK APARTMENTS
GENERAL EXPENSES:								
96200	Other General Expenses	-	-	-	-	-	-	-
96210	Compensated Absences	4,061	4,061	-	-	-	-	-
96300	Payments in lieu of taxes	52,110	-	-	-	26,033	-	9,170
96400	Bad debt - tenant rents	19,534	-	-	-	15,384	-	1,350
96500	Bad debt- mortgages	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-
Total General Expense		75,705	4,061	-	-	41,417	-	10,520
INTEREST AND AMORTIZATION:								
96710	Interest on Mortgage (or bonds) Payable	-	-	-	-	-	-	-
96720	Interest on Notes Payable	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-
Total Interst and Amortization		-	-	-	-	-	-	-
TOTAL OPERATING EXPENSE		2,687,340	797,584	-	(225,253)	626,215	8,535	734,043
EXCESS OPERATING REVENUE OVER OPERATING EXPENSE		(309,622)	(407,558)	-	-	(120,691)	227,335	(110,063)
OTHER EXPENSES:								
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-	-
97400	Depreciation expense	1,001,626	4,294	-	-	309,964	-	311,254
97500	Fraud losses	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
Total Other Expenses		1,001,626	4,294	-	-	309,964	-	311,254
TOTAL EXPENSES		3,688,966	801,878	-	(225,253)	936,179	8,535	1,045,297

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	PUBLIC HOUSING TOTAL	PUBLIC HOUSING CENTRAL OFFICE	CAPITAL GRANT	PUBLIC HOUSING ELIMINATIONS	PH FAMILY SCATTERED-SITES	PH FAMILY CAPITAL GRANT	CARINO PARK APARTMENTS
OTHER FINANCING SOURCES:								
10010	Operating Transfer In	-	-	-	-	-	-	-
10020	Operating Transfer Out	-	-	-	-	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Units	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080	Special Items, Net Gain/Loss	(200)	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-
10094	Transfers between Program and Project - Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)		(200)	-	-	-	-	-	-
EXCESS OF TOTAL REVENUE OVER TOTAL EXPENSES		(1,311,448)	(411,852)	-	-	(430,655)	227,335	(421,317)
MEMOS AND ADJUSTMENTS:								
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030	Beginning Equity	6,529,594	(1,105,726)	-	-	1,758,479	-	2,592,451
11040	Prior Period Adjustments, Equity Transfers and Correctio	-	-	-	-	227,335	(227,335)	183,273
MEMO DETAILS:								
11170	Administrative Fee Equity	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-
11190	Unit Months Available	3,120	-	-	-	744	-	1,188
11210	Number of Unit Months Leased	3,011	-	-	-	716	-	1,116
PURCHASE DETAILS:								
11610	Land Purchases	-	-	-	-	-	-	-
11620	Building Purchases	235,661	-	-	-	-	199,925	-
11630	Furniture & Equipment - Dwelling, Purchases	12,747	-	-	-	3,564	6,900	481
11640	Furniture & Equipment - Dwelling, Administrative, Purch	188,036	-	-	-	-	20,510	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-
OTHER MEMOS:								
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	CARINO PARK CAPITAL GRANT	DEPTFORD PARK APARTMENTS	DEPTFORD PARK CAPITAL GRANT	COMPONENT UNITS COMBINED	PRIMARY GOVERNMENT	ELIMINATIONS	HAGC TOTAL
BALANCE SHEET								
ASSETS:								
CASH:								
111	Cash Unrestricted	-	223,103	-	877,598	3,036,178	-	3,913,776
112	Cash - Restricted -Modernization	-	-	-	-	-	-	-
113	Cash - Other Restricted	-	-	-	139,047	1,491,300	-	1,630,347
114	Cash - Tenant Security Deposits	-	7,096	-	1,301	53,587	-	54,888
115	Cash - restricted for payment of current Liabilities	-	-	-	-	-	-	-
Total Cash		-	230,199	-	1,017,946	4,581,065	-	5,599,011
RECEIVABLES:								
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	46,580	-	46,580
124	Accounts receivable - other government	-	-	-	-	55,978	-	55,978
125	Accounts receivable - miscellaneous	-	692	-	1,215,300	120,158	-	1,335,458
126	Accounts receivable- tenants - dwelling rents	-	4,460	-	-	29,712	-	29,712
126.1	Allowance for doubtful accounts - dwelling rents	-	(3,600)	-	-	(21,400)	-	(21,400)
126.2	Allowance for doubtful accounts - other	-	-	-	(85,870)	-	-	(85,870)
127	Notes and mortgages receivable- current	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-
Total Receivables, Net		-	1,552	-	1,129,430	231,028	-	1,360,458
INVESTMENTS & OTHER CURRENT ASSETS::								
131	Investments - unrestricted	-	-	-	-	571,527	-	571,527
132	Investments - restricted	-	-	-	-	-	-	-
135	Investments - restrict for pay't of curr Liabilities	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	6,868	-	499	74,081	-	74,580
143	Inventories	-	-	-	-	4,856	-	4,856
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-
144	Interprogram due from	-	17,801	-	239,301	516,649	(755,950)	-
145	Assets held for sale	-	-	-	-	-	-	-
Total Other Current Assets		-	24,669	-	239,800	1,167,113	(755,950)	650,963
TOTAL CURRENT ASSETS		-	256,420	-	2,387,176	5,979,206	(755,950)	7,610,432
FIXED ASSETS:								
161	Land	-	140,000	-	762,449	715,200	-	1,477,649
162	Buildings	-	7,797,339	-	135,255	25,100,609	-	25,235,864
163	Furniture, equipment & mach. - dwellings	-	286,108	-	2,620	512,474	-	515,094
164	Furniture, equipment & mach. - admin.	-	306,477	-	-	1,446,579	-	1,446,579
165	Leasehold improvements	-	-	-	-	394,152	-	394,152
166	Accumulated depreciation	-	(4,954,360)	-	(12,272)	(19,167,181)	-	(19,179,453)
167	Construction in Progress	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-
Total Capital Assets/Fixed Assets, net		-	3,575,564	-	888,052	9,001,833	-	9,889,885

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	CARINO PARK CAPITAL GRANT	DEPTFORD PARK APARTMENTS	DEPTFORD PARK CAPITAL GRANT	COMPONENT UNITS COMBINED	PRIMARY GOVERNMENT	ELIMINATIONS	HAGC TOTAL
NON-CURRENT ASSETS:								
171	Notes and mortgages receivable - non-current	-	-	-	16,298,263	-	-	16,298,263
172	Notes and mortgages receivable-non-current-past due	-	-	-	-	-	-	-
173	Grants receivable -- non-current	-	-	-	-	-	-	-
174	Other assets	-	-	-	1,360,306	-	-	1,360,306
175	Undistributed debits	-	-	-	-	2,791	-	2,791
176	Investment in joint ventures	-	-	-	-	-	-	-
Total Non-Current Assets		-	-	-	17,658,569	2,791	-	17,661,360
200	Deferred Outflow of Resources	-	236,143	-	-	3,027,459	-	3,027,459
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES		-	4,068,127	-	20,933,797	18,011,289	(755,950)	38,189,136
LIABILITIES:								
CURRENT LIABILITIES:								
311	Bank overdraft	-	-	-	-	-	-	-
312	Accounts payable < 90 days	-	18,188	-	547	377,761	-	378,308
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	108,930	-	108,930
322	Accrued compensated absences	-	6,296	-	-	109,575	-	109,575
324	Accrued contingency liability	-	4,423	-	4,784	53,353	-	58,137
325	Accrued interest payable	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	3,555	-	3,555
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-
333	Accounts payable - other gov.	-	16,907	-	-	59,061	-	59,061
341	Tenant security deposits	-	7,096	-	1,301	53,587	-	54,888
342	Unearned Revenue	-	1,332	-	3	157,870	-	157,873
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-
345	Other current liabilities	-	100	-	273	13,155	-	13,428
346	Accrued liabilities - other	-	-	-	31,865	39,900	-	71,765
347	Inter-program (due to)	-	-	-	146,245	609,705	(755,950)	-
348	Loan Liability - Current	-	-	-	-	-	-	-
Total Current Liabilities		-	54,342	-	185,018	1,586,452	(755,950)	1,015,520

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	CARINO PARK CAPITAL GRANT	DEPTFORD PARK APARTMENTS	DEPTFORD PARK CAPITAL GRANT	COMPONENT UNITS COMBINED	PRIMARY GOVERNMENT	ELIMINATIONS	HAGC TOTAL
NON-CURRENTS LIABILITIES:								
351	Long-term debt, net of current- capital projects	-	-	-	-	-	-	-
352	Long-term debt, net of current- operating borrowings	-	-	-	-	-	-	-
353	Noncurrent liabilities- other	-	-	-	82,800	137,018	-	219,818
354	Noncurrent compensated balances	-	4,847	-	-	83,535	-	83,535
355	Loan Liability -- non-current	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	1,172,099	-	-	12,937,114	-	12,937,114
Total Non-Current Liabilities		-	1,176,946	-	82,800	13,157,667	-	13,240,467
TOTAL LIABILITIES		-	1,231,288	-	267,818	14,744,119	(755,950)	14,255,987
400	Deferred Inflow of Resources	-	10,681	-	-	1,446,133	-	1,446,133
EQUITY:								
508.4	Net Investment in Capital Assets	-	3,575,564	-	888,052	9,001,833	-	9,889,885
511.4	Restricted Net Position	-	-	-	-	44,955	-	44,955
512.4	Unrestricted Net Position	-	(749,406)	-	19,777,927	(7,225,751)	-	12,552,176
TOTAL EQUITY - NET ASSETS / POSITION		-	2,826,158	-	20,665,979	1,821,037	-	22,487,016
TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY		-	4,068,127	-	20,933,797	18,011,289	(755,950)	38,189,136

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	CARINO PARK CAPITAL GRANT	DEPTFORD PARK APARTMENTS	DEPTFORD PARK CAPITAL GRANT	COMPONENT UNITS COMBINED	PRIMARY GOVERNMENT	ELIMINATIONS	HAGC TOTAL
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INCOME STATEMENT

REVENUES:

70300	Net tenant rental revenue	-	298,308	-	14,300	949,791	(30,859)	933,232
70400	Tenant revenue - other	-	325	-	39	86,456	-	86,495

Total Tenant Revenue		-	298,633	-	14,339	1,036,247	(30,859)	1,019,727
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ALL OTHER REVENUE:

70600	HUD PHA Operating Grants	13,768	311,102	13,768	-	17,369,895	-	17,369,895
70610	HUD Capital Grants	183,273	-	19,990	-	430,598	-	430,598
70710	Management Fees	-	-	-	-	162,809	-	162,809
70720	Asset Management Fees	-	-	-	-	-	-	-
70730	Bookkeeping Fees	-	-	-	-	-	-	-
70740	Front Line Service Fees	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	198,775	-	198,775
71100	Investment income - unrestricted	-	522	-	1,345	9,752	-	11,097
71200	Mortgage interest income	-	-	-	454,533	-	-	454,533
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	16,170	-	16,170
71500	Other revenue	-	6,515	-	296,244	840,091	-	1,136,335
71600	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-

Total All Other Revenue		197,041	318,139	33,758	752,122	19,028,090	-	19,780,212
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TOTAL REVENUE		197,041	616,772	33,758	766,461	20,064,337	(30,859)	20,799,939
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EXPENSES:

ADMINISTRATIVE EXPENSE:

91100	Administrative salaries	-	43,018	-	-	1,699,268	-	1,699,268
91200	Auditing fees	-	4,400	-	28,630	39,900	-	68,530
91300	Management fees	13,768	79,358	13,768	-	45,256	-	45,256
91310	Bookkeeping Fee	-	8,843	-	-	-	-	-
91400	Advertising and marketing	-	76	-	-	2,553	-	2,553
91500	Employee benefit contributions- administrative	-	64,592	-	-	1,972,896	-	1,972,896
91600	Office Expense	-	11,165	-	-	310,804	-	310,804
91700	Legal Expense	-	1,605	-	375	67,285	-	67,660
91800	Travel	-	1,674	-	-	39,047	-	39,047
91810	Allocated Overhead	-	-	-	-	-	-	-
91900	Other	-	2,067	-	514,971	15,451	-	530,422

Total Administrative Expense		13,768	216,798	13,768	543,976	4,192,460	-	4,736,436
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HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	CARINO PARK CAPITAL GRANT	DEPTFORD PARK APARTMENTS	DEPTFORD PARK CAPITAL GRANT	COMPONENT UNITS COMBINED	PRIMARY GOVERNMENT	ELIMINATIONS	HAGC TOTAL
92000	Asset Management Fee	-	-	-	-	-	-	-
TENANT SERVICES:								
92100	Tenant services - salaries	-	22,236	-	-	204,100	-	204,100
92200	Relocation Costs	-	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	18,606	-	-	209,380	-	209,380
92400	Tenant services - other	-	3,313	-	-	104,064	-	104,064
Total Tenant Services		-	44,155	-	-	517,544	-	517,544
UTILITIES:								
93100	Water	-	13,374	-	135	67,794	-	67,929
93200	Electricity	-	41,838	-	20	88,473	-	88,493
93300	Gas	-	33,630	-	-	57,513	-	57,513
93400	Fuel	-	-	-	115	523	-	638
93600	Sewer	-	40,400	-	558	128,082	-	128,640
93700	Employee benefit contributions- utilities	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-
Total Utilities		-	129,242	-	828	342,385	-	343,213
ORDINARY MAINTENANCE AND OPERATIONS:								
94100	Ordinary maint and op - labor	-	80,244	-	-	299,362	-	299,362
94200	Ordinary maintenance and op - materials & other	-	13,522	-	161	62,350	-	62,511
94300	Ordinary maintenance and op - contract costs	-	45,100	-	3,443	161,983	-	165,426
94500	Employee benefit contributions- ord. maintenance.	-	67,144	-	-	238,687	-	238,687
Total Maintenance		-	206,010	-	3,604	762,382	-	765,986
PROTECTIVE SERVICE:								
95100	Protective services - labor	-	-	-	-	-	-	-
95200	Protective services- other contract costs	-	75,737	-	-	151,802	-	151,802
95300	Protective services - other	-	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-	-
Total Protective Services		-	75,737	-	-	151,802	-	151,802
INSURANCE:								
96110	Property Insurance	-	13,732	-	1,841	111,780	-	113,621
96120	Liability Insurance	-	2,626	-	-	39,391	-	39,391
96130	Workers Compensation	-	7,636	-	10,094	84,393	-	94,487
96140	All Other Insurance	-	3,037	-	-	27,693	-	27,693
Total Insurance		-	27,031	-	11,935	263,257	-	275,192

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	CARINO PARK CAPITAL GRANT	DEPTFORD PARK APARTMENTS	DEPTFORD PARK CAPITAL GRANT	COMPONENT UNITS COMBINED	PRIMARY GOVERNMENT	ELIMINATIONS	HAGC TOTAL
GENERAL EXPENSES:								
96200	Other General Expenses	-	-	-	-	7,814	-	7,814
96210	Compensated Absences	-	-	-	-	25,704	-	25,704
96300	Payments in lieu of taxes	-	16,907	-	-	59,061	-	59,061
96400	Bad debt - tenant rents	-	2,800	-	-	21,392	-	21,392
96500	Bad debt- mortgages	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-
Total General Expense		-	19,707	-	-	113,971	-	113,971
INTEREST AND AMORTIZATION:								
96710	Interest on Mortgage (or bonds) Payable	-	-	-	-	-	-	-
96720	Interest on Notes Payable	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-
Total Interst and Amortization		-	-	-	-	-	-	-
TOTAL OPERATING EXPENSE		13,768	718,680	13,768	560,343	6,343,801	-	6,904,144
EXCESS OPERATING REVENUE OVER OPERATING EXPENSE		183,273	(101,908)	19,990	206,118	13,720,536	(30,859)	13,895,795
OTHER EXPENSES:								
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	-	-	-	15,036,349	(30,859)	15,005,490
97350	HAP Portability-In	-	-	-	-	-	-	-
97400	Depreciation expense	-	376,114	-	6,609	1,089,069	-	1,095,678
97500	Fraud losses	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
Total Other Expenses		-	376,114	-	6,609	16,125,418	(30,859)	16,101,168
TOTAL EXPENSES		13,768	1,094,794	13,768	566,952	22,469,219	(30,859)	23,005,312

HOUSING AUTHORITY OF GLOUCESTER COUNTY
FINANCIAL DATA SCHEDULE: 12/31/2016

FDS LINE	FDS DESCRIPTION	CARINO PARK CAPITAL GRANT	DEPTFORD PARK APARTMENTS	DEPTFORD PARK CAPITAL GRANT	COMPONENT UNITS COMBINED	PRIMARY GOVERNMENT	ELIMINATIONS	HAGC TOTAL
OTHER FINANCING SOURCES:								
10010	Operating Transfer In	-	-	-	-	-	-	-
10020	Operating Transfer Out	-	-	-	-	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Units	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080	Special Items, Net Gain/Loss	-	(200)	-	(5,409)	(200)	-	(5,609)
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-
10094	Transfers between Program and Project - Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)		-	(200)	-	(5,409)	(200)	-	(5,609)
EXCESS OF TOTAL REVENUE OVER TOTAL EXPENSES		183,273	(478,222)	19,990	194,100	(2,405,082)	-	(2,210,982)
MEMOS AND ADJUSTMENTS:								
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030	Beginning Equity	-	3,284,390	-	20,471,879	4,226,119	-	24,697,998
11040	Prior Period Adjustments, Equity Transfers and Correctio	(183,273)	19,990	(19,990)	-	-	-	-
MEMO DETAILS:								
11170	Administrative Fee Equity	-	-	-	-	(4,788,801)	-	(4,788,801)
11180	Housing Assistance Payments Equity	-	-	-	-	44,955	-	44,955
						-	-	-
11190	Unit Months Available	-	1,188	-	-	26,856	-	26,856
11210	Number of Unit Months Leased	-	1,179	-	-	24,148	-	24,148
PURCHASE DETAILS:								
11610	Land Purchases	-	-	-	-	-	-	-
11620	Building Purchases	35,736	-	-	-	235,661	-	235,661
11630	Furniture & Equipment - Dwelling, Purchases	-	1,802	-	-	12,747	-	12,747
11640	Furniture & Equipment - Dwelling, Administrative, Purch	147,536	-	19,990	-	188,036	-	188,036
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-
OTHER MEMOS:								
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY

PART II - SINGLE AUDIT SECTION

DECEMBER 31, 2016

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

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 the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2016. The Authority'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the 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, 2016.

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 of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 or 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants &
Consultants

Woodbury, New Jersey
August 11, 2017

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	N/A	-	\$ 16,095,604
Public and Indian Housing	14.850	N/A	-	840,484
Public Housing Capital Fund	14.872	N/A	-	466,669
Section 8 Project-Based Cluster				
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	-	131,378
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	-	123,770
Family Self-Sufficiency Program	14.896	N/A	-	<u>43,400</u>
Subtotal - Direct Programs				<u>17,701,305</u>
Passed Through the County of Gloucester				
Home Investment Partnerships Program	14.239	N/A	-	<u>99,188</u>
Total expenditures of federal awards				<u><u>\$ 17,800,493</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

HOUSING AUTHORITY OF GLOUCESTER COUNTY, NEW JERSEY
Notes to Schedule of Expenditures of Federal Awards

Note 1: GENERAL

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Housing Authority of Gloucester County, New Jersey (the "Authority") under programs of the federal government for the year ended December 31, 2016. 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. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on this Schedule is reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 amounts in the accompanying schedule agree with, in all material respects, the amounts reported in the related federal financial reports.

Additionally, there were expenditures of \$194,164 under the State of New Jersey, Department of Community Affairs Congregate Housing Services Program, which is not subject to a State Single Audit.

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

Note 5: PHA'S STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

Fund Program Costs – NJ39P204501-11 (FFY 2011), NJ39P204501-12 (FFY 2012)
Annual Contributions Contract NY-1115

1. Actual Capital Fund Program Costs are as follows:

Contract #	<u>NJ39P204501-11</u>	<u>NJ39P204501-12</u>
Funds approved	\$ 365,725	\$ 364,052
Funds expended	<u>365,725</u>	<u>364,052</u>
Excess of funds approved	<u>\$ -</u>	<u>\$ -</u>
Funds advanced	\$ 365,725	\$ 364,052
Funds expended	<u>365,725</u>	<u>364,052</u>
Excess of funds advanced	<u>\$ -</u>	<u>\$ -</u>

2. The distribution of costs by project shown on the Final Performance and Evaluation Reports dated June 26, 2014 (NJ39P204501-11) and May 19, 2016 (NJ39P204501-12) 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, 2016

HOUSING AUTHORITY OF GLOUCESTER COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Section 1 – Summary of Auditor's Results

Financial Statements

- A. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified
- B. Internal control over financial reporting:
1. Material weakness(es) identified? None noted
2. Significant deficiency(ies) identified? None noted
- C. Noncompliance material to financial statements noted? None noted

Federal Awards Section

- D. Internal control over major federal programs:
1. Material weakness(es) identified? None noted
2. Significant deficiency(ies) identified? None noted
- E. Type of auditor's report on compliance for major federal programs: Unmodified
- F. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): None noted
- G. Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Voucher Program

- H. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
- I. Auditee qualified as low-risk auditee? No

HOUSING AUTHORITY OF GLOUCESTER COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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.

None noted

HOUSING AUTHORITY OF GLOUCESTER COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None noted.

HOUSING AUTHORITY OF GLOUCESTER COUNTY
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

FINANCIAL STATEMENT FINDINGS

Finding No. 2015-001

Condition

During the course of the audit it was determined that an adjusting journal entry was necessary in order to achieve proper presentation of the financial statements.

Recommendation

We recommend that the general ledger be accurately and completely maintained in accordance with generally accepted accounting principles (GAAP) in order to ensure adequate control over the preparation of financial statements.

Current Status

Management continues to work to improve its internal control structure as opportunities arise. No material adjusting entries were necessary during the completion of the current year audit.

FEDERAL AWARDS

Finding No. 2015-002

Condition

The Authority attempted to comply with the new Federal regulations related to allocations of personnel costs during the year through time studies and other means. However, when the accounting records were finalized, certain allocations were made which were considered reasonable by management but which were not supported by a written allocation basis to reflect the work performed on each program. Additionally, the Authority did not prepare a written cost allocation plan for the current year.

As a result, the Authority is not in compliance with 2 CFR 200.430 and 2 CFR 200, Appendix V and internal controls over compliance with these requirements were not in place during the current year.

Recommendation

We recommend that the Authority review the requirements of 2 CFR 200.430 and 2 CFR 200 and develop a plan to appropriately document charging salaries to various Authority programs in accordance with the Federal regulations. Additionally, the Authority should prepare a written cost allocation plan which includes provisions for compensation and fringe benefits as soon as is reasonable. This plan should be approved by the Authority's Board.

Current Status

Management implemented a policy to address the issue. No issues were noted during the completion of the current year audit.

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