

MILLVILLE HOUSING AUTHORITY  
Millville, New Jersey

COMPARATIVE FINANCIAL STATEMENTS  
For the Two Years Ended  
September 30, 2016 and 2015

MILLVILLE HOUSING AUTHORITY  
Millville, New Jersey  
FINANCIAL STATEMENTS  
For the Years Ended September 30, 2016 and 2015

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**Millville Housing Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2016**

As management of the Millville Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements that begin on page 8.

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities as of September 30, 2016 by \$7,702,452 (net position).
- The Authority's cash balance as of September 30, 2016 was \$1,439,198, representing a decrease of \$208,917 from September 30, 2015.
- The Authority had intergovernmental revenues of \$3,325,462 in operating grants and \$478,035 of capital grants for the year ended September 30, 2016. The capital grants were used primarily to repay debt related to its capital fund leveraging program in the amount of \$135,000 and to purchase capital assets of \$343,035.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

Total assets (excluding deferred outflows of resources related to its proportionate share of the Public Employees Retirement System (PERS)) decreased by \$622,758. As previously noted cash and cash equivalents decreased by \$208,917 due primarily to the acquisition of capital assets of \$279,725 using operating funds and payment of interest and principal on the outstanding capitalized lease obligation of \$83,177. This capitalized lease obligation pertains to energy improvements made in 2006. Capital assets, net of depreciation, decreased by \$410,636 as the Authority recorded \$1,109,789 of depreciation expense. Noncurrent liabilities increased by \$1,235,985 due primarily to the recording of a liability of approximately \$1,076,000 which represents the housing authority's net pension liability under PERS. That amount is equal to the Authority's proportionate share of the plan's total liability less the plan's assets as actuarially determined by the state of New Jersey, Division of Pensions and Benefits. Additionally, the Authority recorded deferred outflows of resources in the amount of \$813,445 and a reduction of deferred inflows of \$22,675 related to its proportionate share of the PERS net pension liability. The pension plan is discussed in detail in Note 20 to the financial statements.

**Millville Housing Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**September 30, 2016**

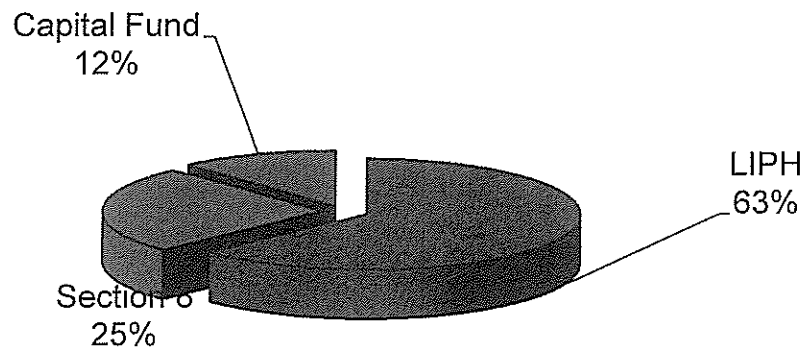
The following table summarizes the changes in net assets between September 30, 2016 and 2015 for the Millville Housing Authority:

**ENTITY-WIDE**

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>	<u>Variance</u>
Cash	\$ 1,439,198	\$ 1,648,115	\$ (208,917)	-12.68%
Other Current Assets	403,427	409,781	(6,354)	-1.55%
Capital Assets	11,868,343	12,278,979	(410,636)	-3.34%
Non-Current Notes Receivable	66,119	62,970	3,149	5.00%
<b>TOTAL ASSETS</b>	<b>13,777,087</b>	<b>14,399,845</b>	<b>(622,758)</b>	<b>-4.32%</b>
Deferred Outflows of Resources	1,428,641	615,195	813,446	0.00%
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>15,205,728</b>	<b>15,015,040</b>	<b>190,688</b>	<b>1.27%</b>
Current Liabilities	724,710	571,929	152,781	26.71%
Noncurrent Liabilities	6,616,529	5,380,544	1,235,985	22.97%
Deferred Inflows of Resources	162,037	184,712	(22,675)	0.00%
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>7,503,276</b>	<b>6,137,185</b>	<b>1,366,091</b>	<b>22.26%</b>
Invested in Capital Assets, Net of Debt	9,781,025	9,997,507	(216,482)	-2.17%
Restricted Net Position	212,500	215,775	(3,275)	-1.52%
Unrestricted Net Position	(2,291,073)	(1,335,427)	(955,646)	71.56%
<b>TOTAL NET POSITION</b>	<b>\$ 7,702,452</b>	<b>\$ 8,877,855</b>	<b>\$ (1,175,403)</b>	<b>-13.24%</b>

September 30, 2016 total revenues, including capital grants and investment income, increased \$378,143, or 6.58%. Total operating grant revenue was relatively stable; \$5,649,836 in 2016 vs. \$5,614,527 in 2015. Capital grant revenue increased \$342,834 in 2016 as the Authority used more of its available capital fund grants.

**Revenue by Funding Source**



**Millville Housing Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**September 30, 2016**

The following table summarizes the changes in operating income between FYE 2016 and 2015 for the Millville Housing Authority

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>	<u>Variance</u>
REVENUES:				
Tenant Rental Revenue	\$ 1,659,390	\$ 1,686,669	\$ (27,279)	-1.62%
HUD PHA Operating Grants	3,325,462	3,272,693	52,769	1.61%
Capital Grants	478,035	135,201	342,834	253.57%
Investment Income	3,028	4,048	(1,020)	-25.20%
Other Revenue	<u>661,956</u>	<u>651,117</u>	<u>10,839</u>	<u>1.66%</u>
TOTAL REVENUES	<u>6,127,871</u>	<u>5,749,728</u>	<u>378,143</u>	<u>6.58%</u>
EXPENSES:				
Administrative	2,058,681	1,801,703	256,978	14.26%
Tenant Services	21,930	26,014	(4,084)	-15.70%
Utilities	794,854	897,444	(102,590)	-11.43%
Housing Assistance Payments	1,400,715	1,412,047	(11,332)	-0.80%
Maintenance	1,185,137	930,435	254,702	27.37%
Protective Services	112,965	128,845	(15,880)	-12.32%
General Expenses	375,342	366,142	9,200	2.51%
Depreciation Expense	1,109,789	1,110,712	(923)	-0.08%
Interest Expense	<u>103,884</u>	<u>137,757</u>	<u>(33,873)</u>	<u>-24.59%</u>
TOTAL EXPENSES	<u>7,163,297</u>	<u>6,811,099</u>	<u>352,198</u>	<u>5.17%</u>
EXCESS OF EXPENSES OVER REVENUE	(1,035,426)	(1,061,371)	25,945	-2.44%
Prior Period Adjustment	(139,977)	(2,586,184)	2,446,207	100.00%
CHANGES IN NET POSITION	<u>\$ (1,175,403)</u>	<u>\$ (3,647,555)</u>	<u>\$ 25,945</u>	<u>-0.71%</u>

Tenant rental revenue remained relatively constant from 2015 to 2016 (decrease of 1.62%). As tenant rents are based on tenant income, this is indicative of a stagnant local economy where tenant incomes are not rising.

HUD operating grants were also flat in 2016 as compared to 2015.

Administrative expenses increased by \$256,978 due primarily to the recording of additional pension expense of approximately \$265,000 in connection with the adoption of GASB Statement #68 discussed previously. Administrative salaries decreased by approximately \$20,000 due to staffing changes.

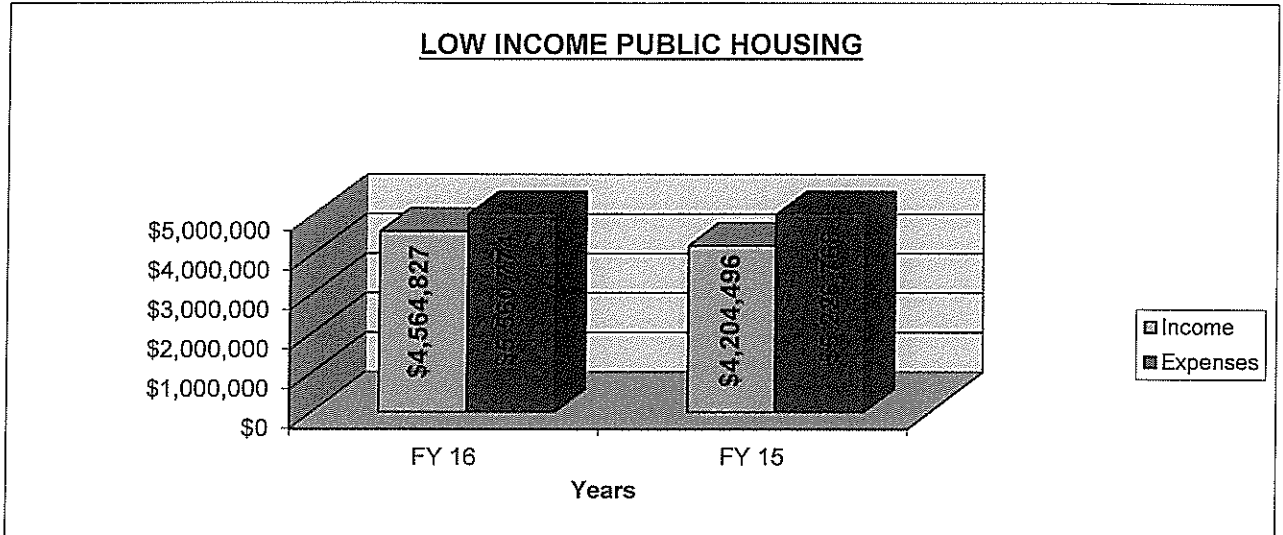
Maintenance expenses increased by \$254,702 due primarily to the undertaking of several major repair projects at the Authority's Riverview East and Riverview West. Plumbing, elevator maintenance and painting contract costs increased by approximately \$60,000 collectively at these sites. Also, employee benefit costs for maintenance workers increased by approximately \$130,000 due to the adoption of GASB Statement #68.

Utility expenses decreased \$102,590 due primarily to decreases in utility rates.

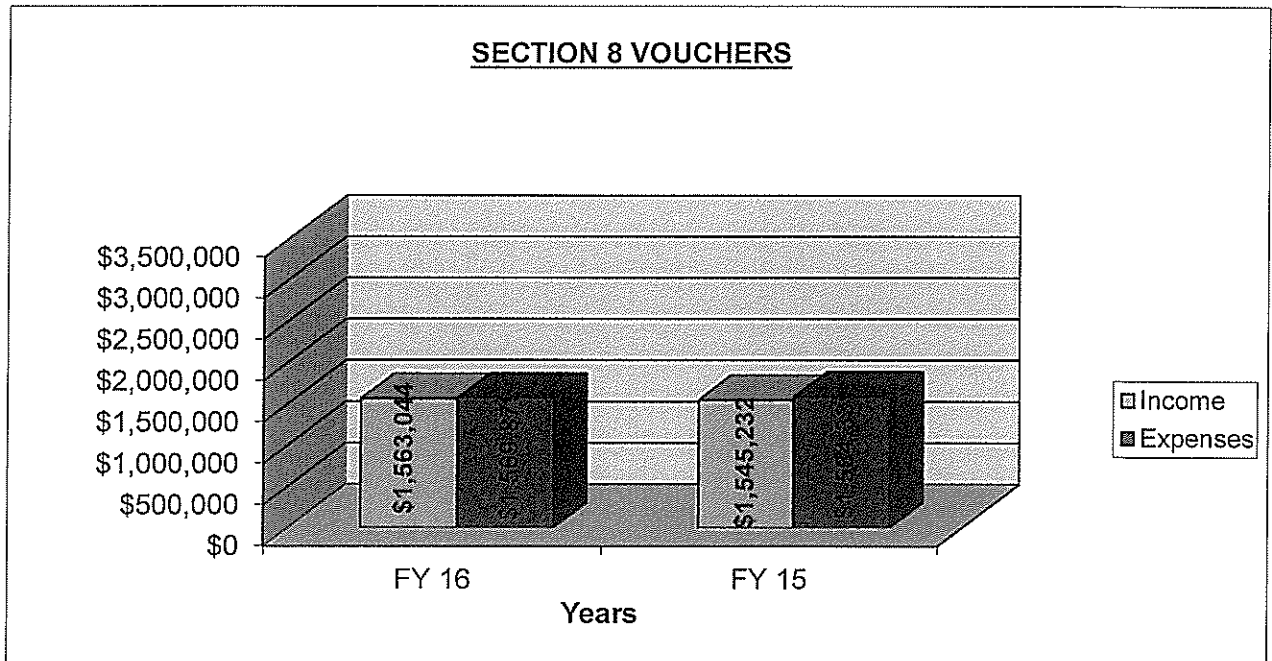
Other revenue and expense categories reported by the Housing Authority did not change significantly from 2015 to 2016.

Millville Housing Authority  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
September 30, 2016

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



The following chart illustrates the income and expenses for the Section 8 Program.



**Millville Housing Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**September 30, 2016**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:*

The following table summarizes the changes in capital assets between September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>
Land	574,903	514,903	60,000
Buildings and Improvements	32,586,371	32,372,250	214,121
Furniture & Equipment	5,562,873	5,480,875	
Construction in Process	343,035	-	343,035
Total	<u>39,067,182</u>	<u>38,368,028</u>	<u>699,154</u>
Accumulated Depreciation	<u>27,198,839</u>	<u>26,089,049</u>	<u>1,109,790</u>
Net Capital Assets	<u>11,868,343</u>	<u>12,278,979</u>	<u>(410,636)</u>

Major capital asset activity was primarily as a result of capital fund improvements offset by depreciation expense taken on capital assets.

*Debt:*

As of September 30, 2016, the Authority had \$1,665,000 in outstanding bonds and \$422,318 in long-term debt. The bonds outstanding were issued in connection with the Authority's capital fund leveraging program. The outstanding notes were issued in connection with its Energy Savings Program.

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

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2017.

- The Decision of Congress to reduce HUD-funded subsidies and grants.
- Management of the housing authority continues to seek new sources of revenue in light of HUD's budget cuts and reduced funding available for its programs.
- Management is continuing its concentrate its efforts on its core mission, to provide decent, safe, affordable housing to the residents of Millville

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Millville Housing Authority, 1 East Vine Street, Millville, NJ 08332, 856-825-8860.



**CERTIFIED PUBLIC ACCOUNTANTS**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Millville Housing Authority  
Millville, New Jersey

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

We have audited the accompanying financial statements of the Millville Housing Authority, which comprise the Comparative Statements of Financial Position as of September 30, 2016 and 2015 and the related Comparative Statements of Revenue, Expenses and Changes in Net Position and Cash Flows for the years then and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Millville Housing Authority, as of September 30, 2016 and 2015, and the changes in net position, and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.



## INDEPENDENT AUDITOR'S REPORT

(Continued)

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-5 and the Supplemental Schedules pertaining to the Public Employees Retirement System presented on pages 41-42 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 basic 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 audits were conducted for the purpose of forming an opinion on the financial statements of the Millville Housing Authority. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial data schedule and the schedule of expenditures of federal awards for the year ended September 30, 2016 are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial data schedule and the schedule of expenditures of federal awards 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 June 26, 2017 on our consideration of the Millville Housing Authority'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 Authority's internal control over financial reporting and compliance.

*Polcari & Company*  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
June 26, 2017

**POLCARI & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

MILLVILLE HOUSING AUTHORITY  
Millville, New Jersey  
COMPARATIVE STATEMENTS OF NET POSITION  
At September 30, 2016 and 2015

ASSETS

	September 30, 2016				September 30, 2015			
	Housing Authority	Component Unit	TOTAL		Housing Authority	Component Unit	TOTAL	
<b>CURRENT ASSETS</b>								
Cash and Cash Equivalents - Unrestricted	\$ 1,217,932	\$ 77,591	\$	1,295,523	\$ 1,424,582	\$ 1,651	\$	1,426,233
Cash - Restricted	212,500	-		212,500	215,775	-		215,775
Tenant Security Deposits	8,766	-		8,766	7,758	-		7,758
Accounts Receivable - Tenants (Net of Allowance for Doubtful Accounts of \$6,479 and \$4,578)	6,805	-		6,805	6,259	-		6,259
Accounts Receivable - HUD	85,042	-		85,042	-	-		-
Accounts Receivable - Other Governments	837	-		837	-	-		-
Miscellaneous Accounts Receivable	105,074	12,988		118,062	144,622	151,021		151,021
Current Portion of Note Receivable	-	-		-	3,149	14,046		158,668
Prepaid Expenses and Other Assets	85,573	2,776		88,349	136,691	551,184		687,875
Inventory (Net of Allowance for Obsolescence of \$2,333 and \$2,333)	120,096	-		120,096	119,060	-		119,060
Total Current Assets	1,842,625	93,355		1,935,980	2,057,896	717,902		2,775,798
<b>NONCURRENT ASSETS</b>								
Land	574,903	-		574,903	514,903	83,346		598,249
Buildings	30,734,877	388,495		31,123,372	30,544,569	892,368		31,436,937
Furniture and Equipment - Dwelling	4,457,587	-		4,457,587	4,355,946	10,345		4,366,291
Furniture and Equipment - Administrative	1,105,286	45,952		1,151,238	1,124,929	215,283		1,340,212
Leasehold Improvements	1,851,494	13,333		1,864,827	1,827,681	61,282		1,888,963
Construction in Process	343,035	-		343,035	-	77,217		77,217
Total Capital Assets	39,067,182	447,780		39,514,962	38,368,028	1,339,841		39,707,869
Less: Accumulated Depreciation	(27,198,839)	(7,732)		(27,206,571)	(26,089,049)	(532,879)		(26,621,928)
Net Capital Assets	11,868,343	440,048		12,308,391	12,278,979	806,962		13,085,941
Note Receivable, Noncurrent	66,119	-		66,119	62,970	-		62,970
Deferred Outflow of Resources	1,428,641	-		1,428,641	615,195	-		615,195
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 15,205,728	\$ 533,403	\$	15,739,131	\$ 15,015,040	\$ 1,524,864	\$	16,539,904

See Notes to Financial Statements.

MILLVILLE HOUSING AUTHORITY  
Millville, New Jersey  
COMPARATIVE STATEMENTS OF NET POSITION  
At September 30, 2016 and 2015

LIABILITIES AND NET POSITION

	September 30, 2016			September 30, 2015		
	Housing Authority	Component Unit	TOTAL	Housing Authority	Component Unit	TOTAL
<u>CURRENT LIABILITIES</u>						
Accounts Payable	\$ 288,918	\$ 73,876	\$ 362,794	\$ 181,563	\$ 111,026	\$ 292,589
Accrued Wages and Payroll Taxes	58,052	13,162	71,214	36,984	19,601	56,585
Accrued Compensated Absences - Current	12,042	184	12,226	11,688	107	11,795
Accrued Interest Payable	52,969	-	52,969	56,379	-	56,379
PILOT	85,880	-	85,880	74,895	-	74,895
Tenant Security Deposit Payable	8,766	-	8,766	7,758	-	7,758
Unearned Revenue	15,980	9,666	25,646	8,508	80,573	89,081
Loan Liability	-	-	-	-	540,000	540,000
Notes & Bonds Payable - Current	202,103	-	202,103	194,154	13,078	207,232
Total Current Liabilities	724,710	96,888	821,598	571,929	764,385	1,336,314
<u>NONCURRENT LIABILITIES</u>						
Accrued Pension & OPEB	4,629,105	-	4,629,105	3,193,906	-	3,193,906
Accrued Compensated Absences - Long Term	102,209	1,651	103,860	99,320	962	100,282
Notes & Bonds Payable - Long Term	1,885,215	66,119	1,951,334	2,087,318	242,693	2,330,011
Total Noncurrent Liabilities	6,616,529	67,770	6,684,299	5,380,544	243,655	5,624,199
Total Liabilities	7,341,239	164,658	7,505,897	5,952,473	1,008,040	6,960,513
Deferred Inflow of Resources	162,037	-	162,037	184,712	-	184,712
<u>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>	7,503,276	164,658	7,667,934	6,137,185	1,008,040	7,145,225
<u>NET POSITION</u>						
Net Investment in Capital Assets	9,781,025	373,929	10,154,954	9,997,507	551,191	10,548,698
Restricted Net Position	212,500	-	212,500	215,775	-	215,775
Unrestricted Net Position	(2,291,073)	(5,184)	(2,296,257)	(1,335,427)	(34,367)	(1,369,794)
Total Net Position	\$ 7,702,452	\$ 368,745	\$ 8,071,197	\$ 8,877,855	\$ 516,824	\$ 9,394,679

See Notes to Financial Statements.

MILLVILLE HOUSING AUTHORITY

Millville, New Jersey

COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
For the Years Ended September 30, 2016 and September 30, 2015

	September 30, 2016			September 30, 2015		
	Housing Authority	Component Unit	TOTAL	Housing Authority	Component Unit	TOTAL
<u>REVENUES</u>						
Tenant Rental Revenue	\$ 1,659,390	\$ -	\$ 1,659,390	\$ 1,686,669	\$ -	\$ 1,686,669
HUD PHA Operating Grants	3,325,462	-	3,325,462	3,272,693	-	3,272,693
Other Government Operating Grants	-	878,942	878,942	-	176,897	176,897
Other	661,956	675,139	1,337,095	651,117	701,729	1,352,846
Total Revenues	5,646,808	1,554,081	7,200,889	5,610,479	878,626	6,489,105
<u>EXPENSES</u>						
Administration	2,058,681	299,115	2,357,796	1,801,703	55,995	1,857,698
Tenant Services	21,930	358,822	380,752	26,014	543,733	569,747
Utilities	794,854	76,158	871,012	897,444	77,053	974,497
Maintenance Expense	1,185,137	663,165	1,848,302	930,435	135,004	1,065,439
Protective Services	112,965	-	112,965	128,845	7,535	136,380
Other Operating Expenses	375,342	42,931	418,273	366,142	44,352	410,494
Housing Assistance Payments	1,400,715	-	1,400,715	1,412,047	-	1,412,047
Depreciation Expense	1,109,789	77,358	1,187,147	1,110,712	85,817	1,196,529
Total Operating Expenses	7,059,413	1,517,549	8,576,962	6,673,342	949,489	7,622,831
Excess of Operating Revenues Over Expenses	(1,412,605)	36,532	(1,376,073)	(1,062,863)	(70,863)	(1,133,726)
<u>NON-OPERATING REVENUES/(EXPENSES)</u>						
Investment Income	3,028	221	3,249	4,048	216	4,264
Interest Expense	(103,884)	(9,189)	(113,073)	(137,757)	(12,041)	(149,798)
Total Non Operating Revenue/(Expense)	(100,856)	(8,968)	(109,824)	(133,709)	(11,825)	(145,534)
Capital Grants Received	478,035	-	478,035	135,201	-	135,201
Special Item - Change in Reporting Entity	-	(175,643)	(175,643)	-	-	-
Increase (Decrease) in Net Position	(1,035,426)	(148,079)	(1,183,505)	(1,196,572)	(82,688)	(1,279,260)
Beginning Net Position	8,877,855	516,824	9,394,679	12,525,410	599,512	13,124,922
Prior Period Adjustment	(139,977)	-	(139,977)	(2,586,184)	-	(2,586,184)
Ending Net Position	\$ 7,702,452	\$ 368,745	\$ 8,071,197	\$ 8,742,654	\$ 516,824	\$ 9,259,478

See Notes to Financial Statements.

MILLVILLE HOUSING AUTHORITY

Millville, New Jersey

COMPARATIVE STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2016 and September 30, 2015

	September 30, 2016			September 30, 2015		
	Housing Authority	Component Unit	TOTAL	Housing Authority	Component Unit	TOTAL
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash Received:						
From Tenants for Rental & Other Income	\$ 1,667,325	\$ -	\$ 1,667,325	\$ 1,703,001	\$ -	\$ 1,703,001
From Government Agencies for Operating Grants	3,239,583	957,548	4,197,131	3,260,668	(151,021)	3,109,647
Operating Receipts from Other Sources	701,504	676,197	1,377,701	608,970	903,519	1,512,489
Cash Paid:						
To Vendors and Suppliers for Operations	(2,678,682)	(1,140,218)	(3,818,900)	(2,938,705)	(902,018)	(3,840,723)
For Housing Assistance Payments	(1,400,715)	-	(1,400,715)	(1,412,047)	-	(1,412,047)
To Employees for Operations	(1,218,393)	(405,498)	(1,623,891)	(1,157,010)	(400,662)	(1,557,672)
Net Cash Provided/(Used) by Operating Activities	310,622	88,029	398,651	64,877	(550,182)	(485,305)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>						
Receipts from Capital Grants	478,035	-	478,035	135,201	-	135,201
Change in Reporting Entity	-	137,993	-	-	-	-
Acquisitions and Construction of Capital Assets	(699,154)	-	(699,154)	(178,040)	(86,038)	(264,078)
Interest Paid	(107,294)	(9,189)	(116,483)	(116,916)	(12,041)	(128,957)
Repayment of Notes Receivable	-	-	-	2,458	-	2,458
Repayment of Loan Liability	-	(540,000)	(540,000)	-	540,000	540,000
Payment of Notes & Bonds Payable	(194,154)	(141,317)	(335,471)	(186,340)	(10,574)	(196,914)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(522,567)	(552,513)	(1,213,073)	(343,637)	431,347	87,710
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Refund of Escrow Deposits	-	540,203	540,203	-	-	-
Interest Income	3,028	221	3,249	4,048	216	4,264
Net Cash Provided by Investing Activities	3,028	540,424	543,452	4,048	216	4,264
Net Increase/(Decrease) in Cash and Cash Equivalents	(208,917)	75,940	(270,970)	(274,712)	(118,619)	(393,331)
Cash and Equivalents at Beginning of Period	1,648,115	1,651	1,649,766	1,922,827	120,270	2,043,097
Cash and Equivalents at End of Period	\$ 1,439,198	\$ 77,591	\$ 1,378,796	\$ 1,648,115	\$ 1,651	\$ 1,649,766

See Notes to Financial Statements.

MILLVILLE HOUSING AUTHORITY  
Millville, New Jersey  
COMPARATIVE STATEMENTS OF CASH FLOWS  
For the Years Ended September 30, 2016 and September 30, 2015

	September 30, 2016			September 30, 2015		
	Housing Authority	Component Unit	TOTAL	Housing Authority	Component Unit	TOTAL
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations</u>						
Excess of Revenue over Expenses	(1,412,605)	36,532	(1,376,073)	(1,062,863)	(70,863)	(1,133,726)
<u>Adjustments to Reconcile Excess of Revenue Over Expenses To Net Cash Provided (Used) by Operating Activities</u>						
Depreciation Expense	1,109,789	77,358	1,187,147	1,110,712	85,817	1,196,529
Bad Debt Expense	14,907	-	14,907	47,843	-	47,843
Decrease/(Increase) in Assets						
Tenant Accounts Receivable	(15,452)	-	(15,452)	(30,056)	-	(30,056)
Accounts Receivable - HUD	(85,042)	-	(85,042)	-	-	-
Accounts Receivable - Other Governments	(837)	78,606	77,769	-	(151,021)	(151,021)
Miscellaneous Accounts Receivable	39,548	1,058	40,606	(42,147)	3,943	(38,204)
Prepaid Expenses	51,118	8,205	59,323	(6,674)	(504,605)	(511,279)
Inventory	(1,036)	-	(1,036)	(8,172)	-	(8,172)
Increase/(Decrease) in Liabilities						
Accounts Payable	107,355	(37,150)	70,205	(23,617)	71,746	48,129
Accounts Payable - HUD	-	-	-	(12,025)	-	(12,025)
Accrued Liabilities	21,068	(6,439)	14,629	(1,799)	4,477	2,678
Compensated Absences	3,243	766	4,009	(8,878)	(10,626)	(19,504)
PILOT	10,985	-	10,985	5,466	-	5,466
Tenant Security Deposit Payable	1,008	-	1,008	395	-	395
Unearned Revenue	7,472	(70,907)	(63,435)	(1,850)	20,950	19,100
Accrued Pension & OPEB	459,101	-	459,101	98,542	-	98,542
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 310,622</u>	<u>\$ 88,029</u>	<u>\$ 398,651</u>	<u>\$ 64,877</u>	<u>\$ (550,182)</u>	<u>\$ (485,305)</u>

See Notes to Financial Statements.

MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies:**

**A. Organization and Activities** – The Millville Housing Authority, (the Authority) is a governmental, public corporation created under federal and state housing laws. The Authority is governed by a Board of seven members who serve five year terms. The Governing Board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the City of Millville, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB No. 14, as amended by GASB No. 39. 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion 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. Based upon the application of these criteria, Holly City Development Corporation, which shared a common Board of Trustees with the Millville Housing Authority through July 31, 2016, is included as a component unit of Millville Housing for the period ended July 31, 2016. Holly City Development Corporation, located in Millville, was formed in August of 1998 for the following purposes:

- To sponsor, plan for, organize, process, construct, manage, repair, renovate and operate affordable housing and related facilities affordable to low income and moderate income persons and families in the City of Millville.
- To further economic development and redevelopment within the City of Millville and its environs including development of residential, commercial, office and other real estate projects in a manner beneficial to the community.
- To preserve, rehabilitate and replenish a deteriorating and aging housing stock at prices or rentals affordable to low income and moderate income persons and their families in accordance with federal and state standards.
- To provide support services or otherwise coordinate with, cooperate with and obtain assistance by way of grants, loans, guarantees or other forms of financial or technical support from federal, state, county and municipal governments and from private sector organizations for programs and facilities to serve low income families.
- To bring together the resources and technical expertise of federal, state, county and municipal official agencies and governments together with the private sector in order to accomplish the foregoing with minimum duplication and maximum efficiency.
- To improve the quality of living for residents of the City of Millville by providing better and more diverse housing opportunities.
- To promote the highest standards of professional ethics.
- Community Property Management was formed to provide management assistance to low and moderate income housing developments.

MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies – (Continued)**

**A. Organization and Activities (Continued) –**

On July 31, 2016 Holly City Development Corporation transferred all of the assets and liabilities of its community center to Holly Center Family Center, a newly formed organization. The center provides educational and recreational services to residents of the city of Millville and its surrounding areas. Holly City Development Corporation also transferred all of the assets and liabilities of its property management division and its information technology consulting division to Holly City Family Center. Those divisions provide property management and information technology services to Millville Housing Authority and other housing authorities and not-for-profit agencies in southern New Jersey. The Board of Trustees of Holly City Family Center is identical to the Board of Commissioners of the Millville Housing Authority.

Holly City Family Center is a component unit of Millville Housing Authority.

**B. Significant Accounting Policies**

**Basis of Accounting** – The financial statements of the Authority are prepared using the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net position, revenue and expenses are accounted for using a single enterprise fund for the primary government.

Revenue – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development, charges to tenants and other miscellaneous revenues discussed below.

Federal Grant Revenue – Operating subsidies, Housing Choice Voucher Program grants and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and recognized in the period earned. The Authority is generally entitled to receive funds from HUD under an established payment schedule or as expenditures that are made under the Capital Fund Program or Comprehensive Improvements Assistance Program. Previously, under the Housing Choice Voucher Program, a year-end settlement was computed, and the over-funded or under-funded amount, if any, was considered an amount due to or from HUD. Currently, the Authority is funded based on the prior year housing assistance payments. Excess funds are retained by the Authority as Restricted Net Position or returned to HUD and maintained as HUD-held program reserves.

Tenant Charges – Tenant rental charges are determined and billed monthly and recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as unearned revenue.

Miscellaneous Income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available



MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies – (Continued)**

**Report Presentation** – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. Statement No. 63 established standards for all state and local governmental entities that includes a statement of net position, a statement of activities and a statement of cash flows. It requires the classification of net position into three components – Net Investment in Capital Assets; Restricted Net Position and Unrestricted Net Position. These classifications are defined as follows:

Net Investment in Capital Assets – This component consists of land, construction in progress and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Invested in Capital Assets, Net of Related Debt. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

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

Unrestricted Net Position – This component consists of net position that does not meet the definition of Restricted Net Position or Net Investment in Capital Assets. The adoption of Governmental Accounting Standards Board Statements 34, 37 and 38 have no significant effect on the basic financial statements, except for the classification of net position in accordance with Statement No. 34.

Significant accounting policies are as follows:

- 1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.
- 6 – Operating subsidies received from HUD are recorded as income when earned.
- 7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies – (Continued)**

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

9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.

10 – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

11 – The Authority has elected not to apply to its proprietary activities FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

13 – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

**Budgetary Policy and Control** – The housing authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

**Impairment Losses** – The housing authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2016 or 2015.

**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 PERS. 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.

MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 2 – Estimates**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and revenues and expenses reported during the period. The estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effect of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results of operations may differ from these estimates.

**NOTE 3 – Cash and Cash Equivalents**

Housing Authority

The Authority maintains cash and investments in local banks. These funds are covered by collateral agreements, which require the institutions to purchase securities as collateral for all of the authority's deposits and have the collateral held by an approved custodian. Cash and cash equivalents are held in the Authority's name.

**NOTE 3 – Cash and Cash Equivalents (Continued)**

Housing Authority Cash and Cash Equivalents of \$1,439,198 and \$1,648,115 at September 30, 2016 and 2015, consisted of the following:

	2016	2015
Checking Accounts - Unrestricted	\$ 598,734	\$ 809,204
Checking Accounts - Restricted	212,500	215,775
Tenant Security Deposits	8,766	7,758
Money Market	617,523	615,354
Petty Cash	1,550	1,550
Change Fund	125	125
	<u>\$ 1,439,198</u>	<u>\$ 1,649,766</u>

The carrying amount of the Authority's cash and cash equivalents as of September 30, 2016 was \$1,516,789 and the bank balances were \$1,984,216. Of the bank balances, \$712,501 was covered by FDIC insurance and \$804,288 was covered by a collateral pool maintained by the banks as required by New Jersey statute. Cash and cash equivalents are held in the Authority's name. The Authority's cash and cash equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority. As described above, \$804,288 of the Authority's deposits exceeded FDIC insurance and was covered under New Jersey's Governmental Unit Deposit Protection Act (GUDPA) which collateralizes securities held by the pledging institutions trust department but is not in the Authority's name.

Component Unit

The component unit had cash and cash equivalents of \$77,591 and \$1,651 in unrestricted checking accounts at September 30, 2016 and 2015. These deposits were covered by FDIC insurance.

MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 4 – Restricted Cash**

As disclosed in Note 3, the Authority has restricted cash of \$212,500 at September 30, 2016. The entire \$212,500 represents capital fund leveraging funds held at Bank of NY Mellon. The Authority has no HCV restricted funds at September 30, 2016. The Authority had restricted cash of \$215,775 at September 30, 2015; \$211,713 was capital fund leveraging funds and \$4,062 represented unexpended Housing Assistance Payment subsidies received in the Housing Choice Voucher program.

**NOTE 5 – Accounts Receivable – Net**

Housing Authority

Housing Authority accounts receivable (net of allowance for uncollectible accounts) consisted of the following at September 30, 2016 and 2015:

	2016	2015
Tenant Accounts Receivable	\$ 13,284	\$ 10,837
Allowance for Doubtful Accounts	(6,479)	(4,578)
Due from HUD	85,042	-
Fees Due from Other Housing Authorities	15,639	47,426
Not-for-Profit Organizations	90,272	100,345
	<u>\$ 197,758</u>	<u>\$ 154,030</u>

Accounts receivable are carried at net realizable value. The allowance for doubtful accounts is evaluated periodically based on the Authority's history of uncollectible accounts, collection history and current economic conditions. Accounts are written-off as uncollectible when management determines that it is no longer feasible to anticipate collection from a current or former tenant. When accounts are written-off, accounts receivable and the corresponding allowance are reduced in accordance with generally accepted accounting principles.

Component Unit

Accounts receivable of \$12,988 and \$14,046 at September 30, 2016 and September 30, 2015, respectively, represents amounts billed to various agencies for services provided during the month of September. Grants receivable of \$151,021 at September 30, 2015 represented funds due from the state of New Jersey under its Neighborhood Revitalization Tax Credit Program (NRTC). The NRTC program provides Holly City Development Corporation a grant to assist in completing Millville Center City's comprehensive revitalization plan. The Corporation must use at least 60% of the tax credit funds for housing and economic development; the remaining funds may be used for supportive services and other activities that promote neighborhood revitalization.

MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 6 – Prepaid Expenses and Other Assets**

Housing Authority

At September 30, 2016 and 2015, prepaid expenses and other current assets of the Housing Authority consisted of the following:

	<u>2016</u>	<u>2015</u>
Prepaid Insurance	\$ 59,874	\$ 57,505
Prepaid Software Maintenance Contract	25,699	25,491
Prepaid Pension	-	36,262
Prepaid Contract Costs	-	17,433
	<u>\$ 85,573</u>	<u>\$ 136,691</u>

Component Unit

At September 30, 2016 and 2015, prepaid expenses and other current assets of the Component Unit consisted of the following:

	<u>2016</u>	<u>2015</u>
Cash Held in Escrow	\$ -	\$ 540,263
Prepaid Insurance	2,776	10,387
Prepaid Contract Costs	-	534
	<u>\$ 2,776</u>	<u>\$ 551,184</u>

**NOTE 7 - Fixed Assets**

Housing Authority

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation.

The following is the summary of the changes in general fixed assets for the fiscal years ended September 30, 2016 and 2015:

	<u>Sept. 30, 2015</u>	<u>Additions</u>	<u>Transfers</u>	<u>Other</u>	<u>Sep 30, 2016</u>
Land	\$ 514,903	\$ 60,000	\$ -	\$ -	\$ 574,903
Buildings	30,544,569	196,080	(16,229)	10,457	30,734,877
F&E - Dwelling	4,355,946	72,690	11,823	17,128	4,457,587
F&E - Administrative	1,124,929	-	(1,511)	(18,132)	1,105,286
Leasehold Improvements	1,827,681	27,349	5,917	(9,453)	1,851,494
Construction in Progress	-	343,035	-	-	343,035
Total Capital Assets	38,368,028	699,154	-	-	39,067,182
Accumulated Depreciation	(26,089,048)	(1,109,789)	-	(2)	(27,198,839)
Net Capital Assets	<u>\$ 12,278,980</u>	<u>\$ (410,635)</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 11,868,343</u>

	<u>Sept. 30, 2014</u>	<u>Additions</u>	<u>Transfers</u>	<u>Other</u>	<u>Sep 30, 2015</u>
Land	\$ 514,903	\$ -	\$ -	\$ -	\$ 514,903
Buildings	30,455,618	88,951	-	-	30,544,569
F&E - Dwelling	4,268,765	87,181	-	-	4,355,946
F&E - Administrative	1,123,021	1,908	-	-	1,124,929
Leasehold Improvements	1,827,681	-	-	-	1,827,681
Construction in Progress	-	-	-	-	-
Total Capital Assets	38,189,988	178,040	-	-	38,368,028
Accumulated Depreciation	(24,978,336)	(1,110,712)	-	-	(26,089,048)
Net Capital Assets	<u>\$ 13,211,652</u>	<u>\$ (932,672)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,278,980</u>

MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 7 - Fixed Assets (Continued)**

Depreciation expense for the fiscal years ended September 30, 2016 and 2015 totaled \$1,109,791 and \$1,110,712 respectively.

Expenditures are capitalized when they meet the Authority's Capitalization Policy. Depreciation of Capital Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	Years
Buildings	40
Leasehold Improvements	15
Office Furniture	10
Equipment	5
Vehicles	5
Computers	3

**Component Unit**

The following is the summary of the changes in fixed assets of the component unit for the fiscal years ended September 30, 2016 and 2015:

	Sept. 30, 2015	Additions	Disposals	Other	Sept. 30, 2016
Land	\$ 83,346	\$ -	\$ (69,895)	\$ (13,451)	\$ -
Buildings	892,368	388,495	(711,046)	(181,322)	388,495
F&E Dwelling	10,345	-	(10,345)	-	-
F&E - Administrative	215,283	45,952	(215,283)	-	45,952
Leasehold Improvements	61,282	13,333	(61,282)	-	13,333
Construction in Progress	77,217	-	(77,217)	-	-
Total Capital Assets	1,339,841	447,780	(1,145,068)	(194,773)	447,780
Accumulated Depreciation	(532,879)	(77,358)	552,422	50,083	(7,732)
Net Capital Assets	<u>\$ 806,962</u>	<u>\$ 370,422</u>	<u>\$ (592,646)</u>	<u>\$ (144,690)</u>	<u>\$ 440,048</u>

	Sept. 30, 2014	Additions	Disposals	Other	Sept. 30, 2015
Land	\$ 83,346	\$ -	\$ -	\$ -	\$ 83,346
Buildings	888,138	4,230	-	-	892,368
F&E Dwelling	10,345	-	-	-	10,345
F&E - Administrative	210,692	4,591	-	-	215,283
Leasehold Improvements	61,282	-	-	-	61,282
Construction in Progress	-	77,217	-	-	77,217
Total Capital Assets	1,262,624	86,038	-	-	1,339,841
Accumulated Depreciation	(447,062)	(85,817)	-	-	(532,879)
Net Capital Assets	<u>\$ 815,562</u>	<u>\$ 221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 806,962</u>

Depreciation expense for the fiscal years ended September 30, 2016 and 2015 totaled \$85,817 and \$77,358, respectively.

MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 7 - Fixed Assets (Continued)**

Expenditures are capitalized when they meet the Corporation's Capitalization Policy. Depreciation of Capital Assets is provided using the straight line method for reporting purposes at rates based upon the following estimated useful lives:

	Years
Buildings	40
Leasehold Improvements	15
Office Furniture	10
Equipment	5
Vehicles	5
Computers	3

**NOTE 8 – Payment in Lieu of Taxes (PILOT)**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Housing Program in accordance with the provisions of its Cooperation Agreement with the City. Under the Cooperation Agreement, the Authority must pay the City the lesser of 10% of its net shelter rent or the approximate full real property taxes. The accrued PILOT liability at September 30 2016 and 2015 was \$85,879 and \$74,895, respectively.

**NOTE 9 – Short-Term Loans Payable**

Component Unit

On May 4, 2015 Holly City Development Corporation received a \$540,000 non-interest bearing loan from Cumberland County Improvement Authority to pay costs related to its state of New Jersey NRTC grant program. The funds borrowed were placed in an escrow account to pay various contractors for services provided in connection with Millville Center City redevelopment activities. At September 30, 2015 the balance of funds held in escrow totaled \$540,263 (see Note 6). Upon receipt of the related grant revenues in the current fiscal year, the funds in escrow were released to the vendors and the Cumberland County Improvement Authority repaid this loan.

**NOTE 10 – Long Term Debt**

Housing Authority

Bonds Payable

During 2004, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2004 Series A. on December 23, 2004. The Authority's share of the funds from the bond issue pool amounted to \$2,875,000. The net funds received from the leveraging pool are restricted and must be spent in accordance with the Authority's Capital Fund Budget within four years. Therefore the funds received are recorded as restricted cash until such time they are expended in accordance with the Authority's Capital Fund budget.

Repayment of the funds leveraged shall be budgeted from Capital Fund Allocations received by the Authority from the Department of Housing and Urban Development. Interest on the bonds is payable on May 1 and November 1, commencing in 2005. The following is a schedule of required principal payments for the next five years and thereafter:

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**NOTE 10 – Long Term Debt (Continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	140,000	75,017	\$ 215,017
2018	150,000	68,783	218,783
2019	155,000	62,221	217,221
2020	160,000	55,330	215,330
2021	170,000	47,822	217,822
Thereafter	890,000	108,101	998,101
	<u>\$ 1,665,000</u>	<u>\$ 417,274</u>	<u>\$ 2,082,274</u>

In November 2006 the Authority entered into a lease purchase agreement with Old National Bank for \$863,937. The purpose of the loan is to finance the cost of energy improvements. The lease commenced November 1, 2006 with a fixed annual interest rate of 4.990% and will end November 1, 2021. The schedule below describes principal and interest payments for the next five years and thereafter:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	62,103	21,074	83,177
2018	65,203	17,974	83,177
2019	68,456	14,721	83,177
2020	71,872	11,305	83,177
2021	75,459	7,718	83,177
Thereafter	79,225	3,953	83,178
	<u>\$ 422,318</u>	<u>\$ 76,745</u>	<u>\$ 415,885</u>

**Component Unit**

The following is a summary of activity for long-term notes payable for the years ended September 30, 2016 and 2015:

	Balance at 9/30/2015	Retirements	Other	Balance at 9/30/2016	Amounts Due in 1 Year
Sun National Bank	\$ 50,070	\$ (1,735)	\$ (48,335)	\$ -	\$ -
Cumberland Empowerment Zone	41,655	(41,655)	-	-	-
Century Savings Bank - Fitness Center	97,927	(97,927)	-	-	-
Millville H.A. - Locker Room Upgrade	46,487	-	-	46,487	-
Millville H.A. - Equipment Loan # 2	19,632	-	-	19,632	-
	<u>\$ 255,771</u>	<u>\$ (141,317)</u>	<u>\$ (48,335)</u>	<u>\$ 66,119</u>	<u>\$ -</u>

	Balance at 9/30/2014	Additions	Retirements	Balance at 9/30/2015	Amounts Due in 1 Year
Sun National Bank	\$ 52,470	\$ -	\$ (2,400)	\$ 50,070	\$ 1,522
Cumberland Empowerment Zone	43,182	-	(1,527)	41,655	2,077
Century Savings Bank - Fitness Center	102,115	-	(4,188)	97,927	6,330
Millville H.A. - Equipment Loan	1,658	-	(1,658)	-	-
Millville H.A. - Locker Room Upgrade	46,869	-	(382)	46,487	-
Millville H.A. - Equipment Loan # 2	20,051	-	(419)	19,632	3,149
	<u>\$ 266,345</u>	<u>\$ -</u>	<u>\$ (10,574)</u>	<u>\$ 255,771</u>	<u>\$ 13,078</u>



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**NOTE 10 – Long Term Debt – (Continued)**

**Component Unit (Continued)**

**Sun National Bank Note**

The proceeds of this loan were used to purchase land and a building. The loan was originally dated May 26, 2005 and matured May 26, 2015. During the fiscal year ended September 30, 2015 the loan agreement was amended to extend the maturity date to March 26, 2020. Under the restated loan agreement, monthly payments of \$340, including interest at 5.1% are due through February 26, 2020 with the then outstanding principal amount of \$42,867 payable on March 26, 2020.

As discussed in Note 1 to the financial statements, this liability is not included in long-term liabilities of the component unit since Holly City Development Corporation ceased to be a component unit of Millville Housing Authority as of July 31, 2016.

**Cumberland Empowerment Zone**

The proceeds of this loan, dated October 26, 2011, were used to expand and construct a new exercise room at the Family Center. The loan was payable in monthly installments of \$395, including interest at 5.0% per annum with the unpaid balance due on July 21, 2026. On January 22, 2015 the loan was modified to provide for interest only payments at a reduced rate of 4.0% per annum for the period February 16, 2015 through January 16, 2016. For the period January 26, 2016 through January 26, 2017 monthly payments of \$395.40 are due, including principal and interest at the annual rate of 4.0%. Beginning February 26, 2017 the corporation will continue making monthly payments of principal and interest at 5%. The monthly payment amount will be based on the balance then outstanding to fully amortize the loan through its maturity at October 26, 2026.

The loan is collateralized by a second mortgage lien on property located at 10-12 Mulberry Street, Millville, NJ, a third mortgage lien on 14 Mulberry Street, Millville, NJ, assignment of rents and leases on 10-12 Mulberry Street and a second position security interest on all equipment, inventory and business assets of Holly City Development Corporation.

The outstanding balance of this loan was paid in full on July 31, 2016.

**Century Savings Bank – Fitness Center Loan**

On July 9, 2011, the Organization entered a construction/permanent term loan with Century Savings Bank. Pursuant to that agreement, the Organization borrowed \$115,000 to construct a 1,600 square foot addition to the Family Center. Construction of the addition was completed in March 2012 and the loan was converted to a permanent loan. The loan's interest rate was 6.25% and was payable based on a ten year amortization schedule with a five year balloon. The loan was modified effective May 1, 2015 to reduce the interest rate to 4.75%. The loan modification required interest only payments for the period June 1, 2015 through August 1, 2015. Thereafter, repayment is based on fifty-nine (59) equal monthly principal and interest payments of \$905 commencing September 1, 2015. The unpaid balance of the note of \$65,357 is payable in full on August 1, 2020. The loan is collateralized by a first mortgage lien on 10-12 Mulberry Street, and a security interest in furniture, fixtures and equipment and an assignment of rents and leases on the Mulberry Street property. The loan is guaranteed by Millville Housing Authority. The outstanding balance of this loan was paid in full on July 31, 2016.

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**NOTE 10 – Long Term Debt – (Continued)**

Component Unit (Continued)

**Millville Housing Authority – Locker Room Upgrade**

The Organization borrowed \$51,564 from Millville Housing Authority to renovate the locker rooms for the Holly City Family Center. Fully amortized principal and interest payments were due monthly beginning April 30, 2011 with the outstanding balance due in full on March 30, 2021. The note bears interest at a fixed rate of 7.00%. Per agreement with Millville Housing Authority all loan payments were suspended indefinitely effective January 1, 2015 and interest due on the loan from that date until payments are resumed is abated.

**Millville Housing Authority – 2013 Equipment Loan**

The Organization borrowed \$22,041 from Millville Housing Authority purchase fitness equipment for the Holly City Family Center. Fully amortized principal and interest payments are due monthly beginning July 1, 2013 with the outstanding balance due in full on June 1, 2023. The note bears interest at a fixed rate of 7.00%. Per agreement with Millville Housing Authority all loan payments have been suspended indefinitely at September 30, 2016 and interest due on the loan from that date until payments are resumed is abated.

Required Loan Payments

As noted above, all payments on the notes payable outstanding at September 30, 2016 are suspended indefinitely by agreement with the Millville Housing Authority, and the entire amount of the notes payable are included in long-term liabilities. Interest expense totaled \$9,189 and \$12,041 for the years ended September 30, 2016 and 2015, respectively.

**NOTE 11 – Accrued Compensated Absences**

Unused sick leave may be carried to future periods and used in the event of extended illness. Upon retirement from service, an employee will receive fifty percent (50%) of their sick time, subject to a maximum payment of \$15,000. Payment will be made within thirty (30) calendar days of retirement. Generally, employees may be compensated for unused vacation in the event of retirement or termination of service. However, if the Authority, in its sole discretion, terminates employment for cause, forfeiture of unused vacation time may result. The Authority, including the Component Unit, has determined that the potential liability for accumulated vacation and sick time at September 30, 2016 and 2015 is \$116,086 and \$112,077, respectively.

**NOTE 12 – Accrued Interest Payable**

Accrued interest expense of \$52,969 and \$56,379 at September 30, 2016 and 2015, respectively, represents interest due on the leveraged Capital Funds and other debt of the Authority.

**NOTE 13 – Unearned Revenue**

Housing Authority

Unearned revenue of \$15,980 and \$8,508 at September 30, 2016 and 2015, respectively, represents prepaid tenant rents.

MILLVILLE HOUSING AUTHORITY  
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**NOTE 13 – Unearned Revenue (Continued)**

Component Unit

Unearned revenue at September 30, 2016 and 2015 consists of the following:

	<u>Sept. 30, 2016</u>	<u>Sept. 30, 2015</u>
Prepaid Memberships of Holly City Family Center	\$ 9,666	\$ 10,629
Unexpended Pascal Sykes Foundation Grant Funds	-	65,614
Unexpended NRTC Grant Funds	-	4,330
	<u>\$ 9,666</u>	<u>\$ 80,573</u>

**NOTE 14 – Restricted Net Position**

Restricted Net Position of \$212,500 and \$215,775 at September 30, 2016 and 2015 consists of the following:

	<u>Sept. 30, 2016</u>	<u>Sept. 30, 2015</u>
Capital Fund Leveraging Program	\$ 212,500	\$ 211,713
Housing Choice Voucher Program	-	4,062
Total Restricted Net Assets	<u>\$ 212,500</u>	<u>\$ 215,775</u>

Restricted Funds – Capital Fund Leveraging Program

Capital fund restricted net position of \$212,500 represents unspent funds borrowed under the capital fund leveraging program described in Note 9. These funds may be used only for qualified modernization expenditures

Restricted and Unrestricted Net Position – Housing Choice Voucher

Prior to January 1, 2005 excess funds advanced by HUD to the Authority for the payment of housing assistance payments were returned to HUD at the end of the Authority's fiscal year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of Housing Assistance Payments that are not so utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. As of November 2007, HUD reverted to treating these funds as restricted in order to comply with generally accepted accounting principles. HUD has indicated that any HAP amounts received by a PHA and not expended should be reported as restricted cash and restricted net position. Administrative fees paid by HUD to the Authority in excess of administrative expenses are part of the undesignated fund balance and are considered to be "administrative fee reserves". Administrative fee reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR982.155 – i.e. "other housing purposes permitted by state or local law". Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant-based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities. In accordance with HUD requirements, the Agency's restricted and unrestricted fund balance consists of the following components as of September 30, 2016 and 2015:

	<u>Sept. 30, 2016</u>	<u>Sept. 30, 2015</u>
Housing Assistance Payments - Restricted	\$ -	\$ 4,062
Administrative - Unrestricted	<u>(129,399)</u>	<u>60,336</u>
Total Restricted and Unrestricted Net Position	<u>\$ (129,399)</u>	<u>\$ 64,398</u>

MILLVILLE HOUSING AUTHORITY  
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**NOTE 15 – Notes Receivable**

Notes Receivable represents loans made to Holly City Development Corporation, a component unit of the housing authority, for use in purchasing equipment and upgrading its facility. The following represents a schedule of amounts advanced and repaid during the fiscal years ended September 30, 2016 and 2015:

	<u>Sept. 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Sept. 30, 2016</u>	<u>Current</u>
Equipment Loan #1	\$ 1,658	\$ -	\$ (1,658)	\$ -	\$ -
Locker Room Upgrade	46,869	-	-	46,869	-
Equipment Loan #2	20,051	-	-	20,051	-
	<u>\$ 68,578</u>	<u>\$ -</u>	<u>\$ (1,658)</u>	<u>\$ 66,920</u>	<u>\$ -</u>
	<u>Sept. 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Sept. 30, 2015</u>	<u>Current</u>
Equipment Loan #1	\$ 1,658	\$ -	\$ (1,658)	\$ -	\$ -
Locker Room Upgrade	46,869	-	(383)	46,486	-
Equipment Loan #2	20,051	-	(419)	19,632	3,149
	<u>\$ 68,578</u>	<u>\$ -</u>	<u>\$ (2,460)</u>	<u>\$ 66,118</u>	<u>\$ 3,149</u>

At September 30, 2016, all interest and principal payments have been suspended indefinitely. Therefore, the total amount of the notes receivable is classified as a non-current asset in the Statement of Net Assets at September 30, 2016.

**NOTE 16 – Risk Management**

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the year ended September 30, 2016 and 2015, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

**NOTE 17 – Construction Commitments**

At September 30, 2016 and 2015, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

**NOTE 18 – Economic Dependency**

For the years ended September 30, 2016 and 2015, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

MILLVILLE HOUSING AUTHORITY  
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**NOTE 19 – Post Employment Retirement Benefits Other Than Pensions**

**ANNUAL OPEB COST AND NET OPEB OBLIGATION**

The Housing Authority provides subsidized benefits at retirement for medical and hospital insurance for individuals meeting eligibility requirements for the coverage. All benefits are provided for a maximum of five years for employees with 25 years of service with the Authority, two years for employees with 15 years of service, or until a retired employee obtains full time employment having comparable health care benefits. When an employee becomes eligible for Medicare benefits, those benefits will become primary coverage, with the medical and hospital insurance provided by the Millville Housing Authority secondary coverage. The funding policy for the Authority's OPEB contributions was established by and may be amended only by Board resolution.

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 parameters of GASB Statement No. 45 . The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of the working lifetime of the individual employee.

The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

Annual Required Contribution	\$24,327
Interest on net OPEB obligation	3,352
Adjustment to annual required contribution	5,137
Annual OPEB cost (expense)	32,816
Contributions made	(19,124)
Increase in net OPEB obligation	13,692
Net OPEB Obligation – beginning of year	94,426
Net OPEB Obligation – end of year	\$108,118

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$32,816	23.7%	\$80,734
2015	\$32,816	23.7%	\$94,426
2016	\$32,816	23.7%	\$108,118

MILLVILLE HOUSING AUTHORITY  
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**NOTE 20 – Pension Plan**

**General Information about the Pension Plan**

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided - The vesting and benefit provisions are set by N.J.S.A. 43:15A. 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 PERS. The following represents the membership tiers for PERS:

- Tier 1 – Members who were enrolled by July 1, 2007.
- Tier 2 – Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
- Tier 3 – Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
- Tier 4 – Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
- Tier 5 – Members who were eligible to enroll on or after June 28, 2011.

Service retirement benefits of  $1/55^{\text{th}}$  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 benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and to 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 service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by state of New Jersey legislation. PERS provided for employee contributions of 6.5% of employees' annual compensation, as defined. The employee rate was increased from 6.5% to 7.0% of base salary effective July 1, 2012 plus an additional 1% phased in over 7 years beginning in fiscal year 2013. The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The actuarially determined contribution includes funding for cost of living adjustments and a noncontributory death benefit. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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**NOTE 20 – Pension Plan (Continued)**

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

At the June 30, 2016 and June 30, 2015 measurement dates, the Authority reported \$4,520,986 and \$3,429,949, respectively, for its proportionate share of the net pension liability. The Authority's portion 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. The Authority's allocation percentages as of June 30, 2016 and June 30, 2015 were 0.015264% and 0.015279%, respectively.

The components of the Authority's net pension liability as of June 30, 2016 and 2015, the most recent evaluation dates, are as follows:

	2016	2015
Total Pension Liability	\$ 7,552,197	\$ 6,586,942
Plan Fiduciary Net Position	<u>3,031,211</u>	<u>3,156,993</u>
Net Pension Liability	<u>\$ 4,520,986</u>	<u>\$ 3,429,949</u>

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Actuarial Assumptions - The total pension liability as of June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

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

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 2 years for males and 7 years for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2013 based on projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actuarial experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact will be on future financial statements. In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer after consultation with the Director of the Division of Pensions and Benefits, the board of trustees and the actuaries.

MILLVILLE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 20 – Pension Plan (Continued)**

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

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

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made as the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make future projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



MILLVILLE HOUSING AUTHORITY  
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**NOTE 20 – Pension Plan (Continued)**

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the collective net pension liability of the Authority as of June 30, 2016 and June 30, 2015, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease	At June 30 Discount Rate	At 1% Increase
2016	\$ 5,539,941	\$ 4,520,986	\$ 3,679,751
2015	\$ 4,263,007	\$ 3,429,949	\$ 2,731,519

At June 30, 2016 and 2015, the Authority reported deferred outflows inflows of resources related to pensions from the following sources:

	2016 Deferred Outflows of Resources	2016 Deferred Inflows of Resources	2015 Deferred Outflows of Resources	2015 Deferred Inflows of Resources
Changes of assumptions	\$ 936,507	\$ -	\$ 97,464	\$ -
Differences between expected and actual experience	84,077	-	-	-
Net differences between projected and actual earnings on plan investments	172,389	-	-	184,712
Changes in proportion	235,668	162,037	372,684	-
Authority's contributions subsequent to the measurement date	-	-	145,047	-
<b>TOTAL</b>	<b>\$ 1,428,641</b>	<b>\$ 162,037</b>	<b>\$ 615,195</b>	<b>\$ 184,712</b>

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) relate to pensions will be recognized in pension expense as shown in the below chart. The amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) over the average of the expected remaining service lives which is 5.57 and 5.72 for the years 2016 and 2015, respectively.

Year ended June 30:

2017	\$ 321,646
2018	321,646
2019	372,637
2020	313,070
2021	99,643
<b>Total</b>	<b>\$ 1,428,641</b>

MILLVILLE HOUSING AUTHORITY  
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**NOTE 21 – Prior Period Adjustment**

Net position as previously reported on September 30, 2014 was adjusted for the implementation of GASB 68. Adjustments recorded are as follows:

<b>Beginning net position as previously reported at Sept. 30, 2014</b>	<b>\$ 12,525,410</b>
Prior period adjustment - implementation of GASB 68:	
Net pension liability (measurement date)	(2,722,658)
Deferred outflows of resources - Authority's contributions made during fiscal year 2014	136,474
Total prior period adjustment	<u>(2,586,184)</u>
Net position as restated October 1, 2014	<u><u>\$ 9,939,226</u></u>

During the fiscal year ended September 30, 2016, the Authority recorded a prior period adjustment decreasing beginning net position by \$139,977. The adjustment was recorded to correct the net pension liability and the related deferred inflows and deferred outflows of resources recorded based on the state of New Jersey's valuation report as of June 30, 2015 which was not available at the date the prior financial statements were prepared.

**NOTE 22 – Special Item – Change in Reporting Entity**

On July 31, 2016 Holly City Development Corporation transferred all of the assets and liabilities of its community center to Holly Center Family Center, a newly formed organization. The center provides educational and recreational services to residents of the city of Millville and its surrounding areas. Holly City Development Corporation also transferred all of the assets and liabilities of its property management division and its information technology consulting division to Holly City Family Center. Those divisions provide property management and information technology services to Millville Housing Authority and other housing authorities and not-for-profit agencies in southern New Jersey. The Board of Trustees of Holly City Family Center is identical to the Board of Commissioners of the Millville Housing Authority. Therefore, Holly City Family Center is a component unit of Millville Housing Authority and its financial statements are included in Millville Housing Authority's financial statements from its inception to September 30, 2016. Holly City Development Corporation, which shared a common Board of Trustees with the Millville Housing Authority through July 31, 2016, is included as a component unit of Millville Housing for the period ended July 31, 2016. Thereafter, it no longer meets the criteria of a component unit and its net assets of \$175,643 are included as a special item of expense in the component unit financial statements.

**NOTE 22 – Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through June 26, 2017, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

MILLVILLE HOUSING AUTHORITY  
 Millville, New Jersey  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended September 30, 2016

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
<u>Low Income Housing Program Cluster</u>				
Operating Subsidy (CFDA # 14.850)	\$ -	\$ 1,546,471	\$ 1,546,471	\$ -
Capital Fund Program (CFDA # 14.872)	-	<u>723,575</u>	<u>723,575</u>	-
Subtotal	<u>\$ -</u>	<u>\$ 2,270,046</u>	<u>\$ 2,270,046</u>	<u>\$ -</u>
 <u>Housing Assistance Payments Program</u>				
Housing Choice Voucher Program (CFDA # 14.871)	<u>-</u>	<u>1,533,451</u>	<u>1,533,451</u>	<u>-</u>
 TOTAL DIRECT FEDERAL AWARDS	<u>\$ -</u>	<u>\$ 3,803,497</u>	<u>\$ 3,803,497</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.

Millville Housing Authority (NJ061)  
MILLVILLE, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	Project Total	14,871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	COC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$922,412	\$48,245	\$77,591	\$247,275	\$1,295,523		\$1,295,523
112 Cash - Restricted - Modernization and Development	\$212,500				\$212,500		\$212,500
113 Cash - Other Restricted							
114 Cash - Tenant Security Deposits	\$8,766				\$8,766		\$8,766
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$1,143,678	\$48,245	\$77,591	\$247,275	\$1,516,789		\$1,516,789
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	\$60,556	\$24,486			\$85,042		\$85,042
124 Accounts Receivable - Other Government		\$837			\$837		\$837
125 Accounts Receivable - Miscellaneous			\$12,988	\$105,074	\$118,062		\$118,062
126 Accounts Receivable - Tenants	\$13,284				\$13,284		\$13,284
126.1 Allowance for Doubtful Accounts - Tenants	-\$6,479				-\$6,479		-\$6,479
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$67,361	\$25,323	\$12,988	\$105,074	\$210,746		\$210,746
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$1,496		\$2,776	\$84,077	\$88,349		\$88,349
143 Inventories	\$122,429				\$122,429		\$122,429
143.1 Allowance for Obsolete Inventories	-\$2,333				-\$2,333		-\$2,333
144 Inter Program Due From		\$0		\$0	\$0		\$0
145 Assets Held for Sale							
150 Total Current Assets	\$1,332,631	\$73,568	\$93,355	\$436,426	\$1,935,980		\$1,935,980
161 Land	\$514,903			\$60,000	\$574,903		\$574,903
162 Buildings	\$30,623,226		\$388,495	\$111,651	\$31,123,372		\$31,123,372
163 Furniture, Equipment & Machinery - Dwellings	\$4,457,587				\$4,457,587		\$4,457,587
164 Furniture, Equipment & Machinery - Administration	\$987,356	\$7,374	\$45,952	\$110,556	\$1,151,238		\$1,151,238
165 Leasehold Improvements	\$1,851,494		\$13,333		\$1,864,827		\$1,864,827
166 Accumulated Depreciation	-\$27,096,421	-\$7,374	-\$7,732	-\$95,044	-\$27,206,571		-\$27,206,571
167 Construction in Progress	\$343,035				\$343,035		\$343,035
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$11,681,180	\$0	\$440,048	\$187,163	\$12,308,391		\$12,308,391
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				\$66,119	\$66,119		\$66,119
173 Grants Receivable - Non Current							
174 Other Assets							
176 Investments in Joint Ventures							
180 Total Non-Current Assets	\$11,681,180	\$0	\$440,048	\$253,282	\$12,374,510		\$12,374,510
200 Deferred Outflow of Resources	\$626,330	\$82,906		\$719,405	\$1,428,641		\$1,428,641
290 Total Assets and Deferred Outflow of Resources	\$13,640,141	\$156,474	\$533,403	\$1,409,113	\$15,739,131		\$15,739,131
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$278,622	\$429	\$73,876	\$9,867	\$362,794		\$362,794
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	\$20,252	\$2,911	\$13,162	\$34,889	\$71,214		\$71,214
322 Accrued Compensated Absences - Current Portion	\$3,281	\$619	\$184	\$8,142	\$12,226		\$12,226
324 Accrued Contingency Liability							
325 Accrued Interest Payable	\$52,969				\$52,969		\$52,969
331 Accounts Payable - HUD PHA Programs	\$0				\$0		\$0
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	\$85,880				\$85,880		\$85,880
341 Tenant Security Deposits	\$8,766				\$8,766		\$8,766

Millville Housing Authority (NJ061)  
MILLVILLE, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	COCC	Subtotal	ELIM	Total
342 Unearned Revenue	\$15,980		\$9,666		\$25,646		\$25,646
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$202,103				\$202,103		\$202,103
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities							
346 Accrued Liabilities - Other							
347 Inter Program - Due To							
348 Loan Liability - Current							
310 Total Current Liabilities	\$667,853	\$3,559	\$96,888	\$52,898	\$821,598		\$821,598
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,885,215		\$66,119		\$1,951,334		\$1,951,334
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current	\$23,351	\$5,576	\$1,651	\$73,282	\$103,860		\$103,860
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	\$1,972,059	\$266,865		\$2,390,181	\$4,629,105		\$4,629,105
350 Total Non-Current Liabilities	\$3,880,625	\$272,441	\$67,770	\$2,463,463	\$6,684,299		\$6,684,299
300 Total Liabilities	\$4,548,478	\$276,400	\$164,658	\$2,516,361	\$7,505,897		\$7,505,897
400 Deferred Inflow of Resources	\$58,344	\$9,473		\$94,220	\$162,037		\$162,037
508.4 Net Investment in Capital Assets	\$9,593,862	\$0	\$373,929	\$187,163	\$10,154,954		\$10,154,954
511.4 Restricted Net Position	\$212,500	\$0			\$212,500		\$212,500
512.4 Unrestricted Net Position	-\$773,043	-\$129,399	-\$5,184	-\$1,388,631	-\$2,296,257		-\$2,296,257
513 Total Equity - Net Assets / Position	\$9,033,319	-\$129,399	\$368,745	-\$1,201,468	\$8,071,197		\$8,071,197
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$13,640,141	\$156,474	\$533,403	\$1,409,113	\$15,739,131		\$15,739,131

Millville Housing Authority (NJ061)

MILLVILLE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	Project Total	14,871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,627,526				\$1,627,526		\$1,627,526
70400 Tenant Revenue - Other	\$31,864				\$31,864		\$31,864
70500 Total Tenant Revenue	\$1,659,390	\$0	\$0	\$0	\$1,659,390	\$0	\$1,659,390
70600 HUD PHA Operating Grants	\$1,792,011	\$1,533,451			\$3,325,462		\$3,325,462
70610 Capital Grants	\$478,035				\$478,035		\$478,035
70710 Management Fee				\$462,728	\$462,728	-\$462,728	\$0
70720 Asset Management Fee				\$1,038	\$1,038	-\$1,038	\$0
70730 Book Keeping Fee				\$57,759	\$57,759	-\$57,759	\$0
70740 Front Line Service Fee				\$174,901	\$174,901	-\$174,901	\$0
70750 Other Fees							
70700 Total Fee Revenue				\$696,426	\$696,426	-\$696,426	\$0
70800 Other Government Grants			\$878,942		\$878,942		\$878,942
71100 Investment Income - Unrestricted	\$13	\$16	\$221	\$2,214	\$2,464		\$2,464
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery		\$5,230			\$5,230		\$5,230
71500 Other Revenue	\$174,117	\$24,347	\$603,835	\$458,262	\$1,260,562		\$1,260,562
71600 Gain or Loss on Sale of Capital Assets			\$71,303		\$71,303		\$71,303
72000 Investment Income - Restricted	\$785				\$785		\$785
70000 Total Revenue	\$4,104,351	\$1,563,044	\$1,554,302	\$1,156,802	\$8,378,599	-\$696,426	\$7,682,173
91100 Administrative Salaries	\$236,953	\$70,189	\$9,278	\$528,100	\$844,520		\$844,520
91200 Auditing Fees	\$27,289	\$2,500	\$0	\$1,500	\$31,289		\$31,289
91300 Management Fee	\$441,850	\$20,878	\$0		\$462,728	-\$462,728	\$0
91310 Book-keeping Fee	\$43,164	\$14,595			\$57,759	-\$57,759	\$0
91400 Advertising and Marketing			\$47,722		\$47,722		\$47,722
91500 Employee Benefit contributions - Administrative	\$195,895	\$50,496	\$723	\$385,631	\$632,745		\$632,745
91600 Office Expenses	\$204,357	\$16,338	\$8,894	\$143,515	\$373,204		\$373,204
91700 Legal Expense	\$30,990		\$3,714	\$29,120	\$63,824		\$63,824
91800 Travel	\$6,414	\$1,186	\$614	\$14,950	\$23,164		\$23,164
91810 Allocated Overhead							
91900 Other	\$110,767	\$1,519	\$228,070	\$972	\$341,328		\$341,328
91000 Total Operating - Administrative	\$1,297,679	\$177,701	\$299,115	\$1,103,788	\$2,878,283	-\$520,487	\$2,357,796
92000 Asset Management Fee	\$1,038				\$1,038	-\$1,038	\$0
92100 Tenant Services - Salaries			\$322,356		\$322,356		\$322,356
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services			\$26,582		\$26,582		\$26,582
92400 Tenant Services - Other	\$21,930		\$9,884		\$31,814		\$31,814
92500 Total Tenant Services	\$21,930	\$0	\$358,822	\$0	\$380,752	\$0	\$380,752
93100 Water	\$301,263		\$583		\$301,846		\$301,846
93200 Electricity	\$319,224		\$71,412		\$390,636		\$390,636
93300 Gas	\$174,367		\$4,163		\$178,530		\$178,530
93400 Fuel							
93500 Labor							
93600 Sewer							
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$794,854	\$0	\$76,158	\$0	\$871,012	\$0	\$871,012
94100 Ordinary Maintenance and Operations - Labor	\$265,758		\$83,760	\$22,423	\$371,941		\$371,941
94200 Ordinary Maintenance and Operations - Materials and Other	\$334,528	\$1,905	\$24,517	\$437	\$361,387		\$361,387
94300 Ordinary Maintenance and Operations Contracts	\$453,936	\$691	\$548,366		\$1,002,983	-\$132,754	\$870,229
94500 Employee Benefit Contributions - Ordinary Maintenance	\$221,839		\$6,532	\$16,374	\$244,745		\$244,745
94000 Total Maintenance	\$1,276,061	\$2,596	\$663,165	\$39,234	\$1,981,056	-\$132,754	\$1,848,302
95100 Protective Services - Labor	\$98,213				\$98,213		\$98,213
95200 Protective Services - Other Contract Costs	\$2,018				\$2,018		\$2,018

Millville Housing Authority (NJ061)  
MILLVILLE, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	Project Total	14,871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	COC	Subtotal	ELIM	Total
95300 Protective Services - Other	\$16,086			\$15,587	\$31,673	-\$42,147	-\$10,474
95500 Employee Benefit Contributions - Protective Services	\$23,208				\$23,208		\$23,208
95000 Total Protective Services	\$139,525	\$0	\$0	\$15,587	\$155,112	-\$42,147	\$112,965
96110 Property Insurance							
96120 Liability Insurance							
96130 Workmen's Compensation							
96140 All Other Insurance	\$178,420	\$12,388	\$33,874	\$43,983	\$268,665		\$268,665
96100 Total Insurance Premiums	\$178,420	\$12,388	\$33,874	\$43,983	\$268,665	\$0	\$268,665
96200 Other General Expenses	\$1,433				\$1,433		\$1,433
96210 Compensated Absences	\$2,766	\$23	\$766	\$2,037	\$5,592		\$5,592
96300 Payments in Lieu of Taxes	\$90,204		\$8,291		\$98,495		\$98,495
96400 Bad debt - Tenant Rents	\$14,907				\$14,907		\$14,907
96500 Bad debt - Mortgages							
96600 Bad debt - Other				\$29,181	\$29,181		\$29,181
96800 Severance Expense							
96000 Total Other General Expenses	\$109,310	\$23	\$9,057	\$31,218	\$149,608	\$0	\$149,608
96710 Interest of Mortgage (or Bonds) Payable	\$78,571				\$78,571		\$78,571
96720 Interest on Notes Payable (Short and Long Term)	\$25,313		\$9,189		\$34,502		\$34,502
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$103,884	\$0	\$9,189	\$0	\$113,073	\$0	\$113,073
96900 Total Operating Expenses	\$3,922,701	\$192,708	\$1,449,380	\$1,233,810	\$6,798,599	-\$696,426	\$6,102,173
97000 Excess of Operating Revenue over Operating Expenses	\$181,650	\$1,370,336	\$104,922	-\$76,908	\$1,580,000	\$0	\$1,580,000
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments		\$1,398,795			\$1,398,795		\$1,398,795
97350 HAP Portability-In		\$1,920			\$1,920		\$1,920
97400 Depreciation Expense	\$1,098,948		\$77,358	\$10,841	\$1,187,147		\$1,187,147
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$5,021,649	\$1,593,423	\$1,526,738	\$1,244,651	\$9,386,461	-\$696,425	\$8,690,035
10010 Operating Transfer In	\$109,675				\$109,675		\$109,675
10020 Operating transfer Out	-\$109,675				-\$109,675		-\$109,675
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss							
10080 Special Items (Net Gain/Loss)			-\$175,643		-\$175,643		-\$175,643
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In	\$440,000				\$440,000		\$440,000
10094 Transfers between Project and Program - Out				-\$440,000	-\$440,000		-\$440,000
10100 Total Other financing Sources (Uses)	\$440,000	\$0	-\$175,643	-\$440,000	-\$175,643	\$0	-\$175,643
10090 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$477,298	-\$30,379	-\$148,079	-\$527,749	-\$1,183,505	\$0	-\$1,183,505
11020 Required Annual Debt Principal Payments	\$194,153	\$0	\$0	\$0	\$194,153		\$194,153
11030 Beginning Equity	\$9,579,101	-\$90,935	\$516,824	-\$610,311	\$9,394,679		\$9,394,679
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$68,484	-\$8,085	\$0	-\$63,408	-\$139,977		-\$139,977
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							

Millville Housing Authority (NJ061)  
MILLVILLE, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	Project Total	14,871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	COC	Subtotal	ELIM	Total
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity		-\$129,399			-\$129,399		-\$129,399
11180 Housing Assistance Payments Equity		\$0			\$0		\$0
11190 Unit Months Available	5964	2292		0	8256		8256
11210 Number of Unit Months Leased	5615	1946		0	7761		7761
11270 Excess Cash	\$12,786				\$12,786		\$12,786
11610 Land Purchases	\$0			\$0	\$0		\$0
11620 Building Purchases	\$53,249			\$0	\$53,249		\$53,249
11630 Furniture & Equipment - Dwelling Purchases	\$3,350			\$0	\$3,350		\$3,350
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$286,434			\$0	\$286,434		\$286,434
11680 Infrastructure Purchases	\$0			\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$212,291			\$0	\$212,291		\$212,291
13901 Replacement Housing Factor Funds	\$0			\$0	\$0		\$0



MILLVILLE HOUSING AUTHORITY  
 Millville, New Jersey  
CAPITAL PROJECT LEVERAGING PROGRESS REPORT  
 AS OF SEPTEMBER 30, 2016

	<u>Projected Cost</u>	<u>Funds Obligated</u>	<u>Funds Expended</u>
PTAC	\$ 808,787	\$ 808,787	\$ 808,787
Windows	617,985	617,985	617,985
Tank Removal	91,641	91,641	91,641
Conversion to Project-Based Management	78,481	78,481	78,481
Upgrade Security Cameras	67,957	67,957	67,957
Tree Removal	7,450	7,450	7,450
Elevator Upgrades	29,169	29,169	29,169
Electrical Upgrades	705,013	705,013	705,013
Repave Driveways	98,711	98,711	98,711
Hallway Flooring	38,772	38,772	38,772
Administration	140,000	140,000	140,000
Miscellaneous Other	110,034	110,034	80,802
Cost of Project	<u>\$ 2,794,000</u>	<u>\$ 2,794,000</u>	<u>\$ 2,764,768</u>

Reconciliation of Debt Service Account

Balance at October 1, 2015	\$ 211,715
Investment Expense	785
Balance September 30, 2016	<u>\$ 212,500</u>

Millville Housing Authority  
 Schedule of Proportionate Share of the Net Pension Liability  
 of the Public Employees Retirement System (PERS)  
 For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
Housing Authority's Proportion of the Net Pension Liability	0.01526477%	0.0165500%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 4,520,986	\$ 3,429,949
Housing Authority's Covered Employee Payroll	\$ 1,221,636	\$ 1,171,548
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	370.08%	292.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.05%	52.08%

Millville Housing Authority  
 Schedule of Authority Contributions to the  
 Public Employees Retirement System (PERS)  
 For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 135,610	\$ 145,047
Contribution in Relation to the Contractually Required Contribution	(135,610)	(145,047)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 1,221,636	\$ 1,171,548
Contribution as a Percentage of Covered Employee Payroll	11.10%	12.38%



CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners  
Millville Housing Authority  
Millville, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the financial statements of the Millville Housing Authority as of and for the year ended September 30, 2016 and have issued our report thereon dated June 26, 2017. The financial statements of Holly City Family Center, a discretely presented component unit of Millville Housing authority, were not audited in accordance with Government Auditing Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with that discretely presented component unit.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Millville Housing Authority's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*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 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 the internal control over financial reporting 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, as defined above. However, material weakness may exist that have not been identified.

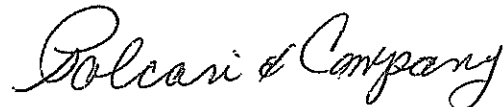
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
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FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS  
(Continued)

**Compliance and Other Matters**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
June 26, 2017



**CERTIFIED PUBLIC ACCOUNTANTS**

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

Board of Commissioners  
Millville Housing Authority  
Millville, New Jersey

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

We have audited the Millville Housing Authority'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 entity's major federal programs for the year ended September 30, 2016. The Millville Housing 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 federal statutes, regulations, and the terms and conditions of grants of its federal awards applicable to each of its major federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Millville Housing Authority's major federal programs based on our audits of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Millville Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

(Continued)

**Opinion on Each Major Federal Program**

In our opinion, Millville Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

**Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* 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, 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 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

  
POLCARI & COMPANY, CPAs  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
June 26, 2017



MILLVILLE HOUSING AUTHORITY  
Millville, New Jersey  
September 30, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit contained no findings.

**SECTION 1 - SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) identified?

\_\_\_\_\_ yes      X   no

Significant Deficiency(ies) identified that are  
considered to be material weakness(es)?

\_\_\_\_\_ yes      X   none reported

Noncompliance Material to Financial Statements Noted?

\_\_\_\_\_ yes      X   no

**Federal Awards**

Internal Control over Financial Reporting:

Material Weakness(es) identified?

\_\_\_\_\_ yes      X   no

Significant Deficiency(ies) identified that are  
considered to be material weakness(es)?

\_\_\_\_\_ yes      X   none reported

Type of audit report issued on compliance for  
major programs:

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR 200.516(a)  
of the Uniform Guidance

\_\_\_\_\_ yes      X   no

Identification of Major Programs

CFDA

Number    Name of Federal Program or Cluster

14.85    Public Housing Operating Subsidy

14.872    Public Housing Capital Fund

Dollar Threshold used to determine type A Programs

\$750,000

Auditee qualified as low-risk?

  X   yes    \_\_\_\_\_ no

**SECTION 2 – FINANCIAL STATEMENT FINDINGS**

None.

**SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.