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**HOUSING AUTHORITY OF THE  
CITY OF CAPE MAY  
CAPE MAY, NEW JERSEY**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**SEPTEMBER 30, 2014 AND 2013**

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HOUSING AUTHORITY OF THE CITY OF CAPE MAY

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**INDEPENDENT AUDITOR'S REPORT**

T 302.478.8940  
F 302.468.4001  
www.btcpa.com

February 12, 2015

Board of Commissioners  
Housing Authority of the City of Cape May  
Cape May, New Jersey

**Report on the Financial Statements**

We have audited the accompanying statements of net position of the Housing Authority of the City of Cape May, Cape May, New Jersey, as of September 30, 2014 and 2013, the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Authority'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

Board of Commissioners  
Housing Authority of the City of Cape May

the Authority'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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Housing Authority of the City of Cape May, Cape May, New Jersey as of September 30, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Cape May's basic financial statements. The supplementary information presented on pages 20 through 32, including the financial data schedule, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners  
Housing Authority of the City of Cape May

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2015 on our consideration of the Housing Authority of the City of Cape May's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Cape May's internal control over financial reporting and compliance.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

**HOUSING AUTHORITY OF THE CITY OF CAPE MAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
**SEPTEMBER 30, 2014 AND 2013**

As management of the Housing Authority of the City of Cape May, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the years ended September 30, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 9.

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities as of September 30, 2014, 2013, and 2012 by \$1,495,904 (net position), \$1,642,712 (net position), and \$1,716,227 (net position), respectively.
- The Authority's cash and cash equivalents balance as of September 30, 2014 was \$368,269, representing a decrease of \$198,694 from September 30, 2013. The Authority's cash and cash equivalents balance as of September 30, 2013 was \$566,963, representing a decrease of \$56,691 from September 30, 2012.
- The Authority had intergovernmental revenues of \$282,853, \$303,373, and \$346,974 in HUD operating grants; and \$84,062, \$87,169, and \$93,456 of capital fund grants (used for operations) for the years ended September 30, 2014, 2013, and 2012, respectively.

**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:

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

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

**Comparison of 2014 to 2013**

Total assets decreased by \$138,589, or 8.10 percent. Specifically, construction-in-progress increased by \$65,902, and cash and cash equivalents decreased by \$198,694.

Other current assets decreased \$1,748, or 17.6 percent, due mainly to a decrease in prepaid expenses.

**HOUSING AUTHORITY OF THE CITY OF CAPE MAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)**  
**SEPTEMBER 30, 2014 AND 2013**

Total liabilities increased by \$8,219, or 11.86 percent, primarily due to an increase in accounts payable.

HUD operating grants and capital grants soft costs decreased in 2014 from 2013 by \$23,627 due to a significant decrease in HUD funding.

Other revenue increased in 2014 from 2013 by \$1,494 primarily due to a gain on sale of capital assets of \$2,915.

Administrative expenses increased in 2014 from 2013 by \$8,729 primarily due to an increase in salary expenses.

Utilities expenses increased in 2014 from 2013 by \$20,555 due to an increase in electricity and water rates.

Maintenance expenses increased in 2014 from 2013 by \$12,202 primarily due to an increase in salary expenses in 2014.

**Comparison of 2013 to 2012**

Total assets decreased by \$121,648, or 6.63 percent. Specifically, cash and cash equivalents decreased by \$56,691; and capital assets decreased by \$64,383 primarily due to capital improvements of \$56,189 offset by depreciation of \$120,572.

Other current assets decreased \$574, or 5.46 percent, due mainly to a decrease in tenant receivables.

Total liabilities decreased by \$48,133, or 40.99 percent, primarily due to a decrease in accounts payable.

HUD operating grants and capital grants soft costs decreased in 2013 from 2012 by \$49,978 due to a significant decrease in HUD funding.

Other revenue decreased in 2013 from 2012 by \$12,816 primarily due to an insurance claim for reimbursement of mold remediation costs of \$15,769 in 2012 but none in 2013.

Interest income increased in 2013 from 2012 by \$168 due to slightly better interest rates.

Administrative expenses decreased in 2013 from 2012 by \$4,800 primarily due to a decrease in legal expenses of \$6,028.

Utilities expenses increased in 2013 from 2012 by \$3,633 due to a slight increase in electricity and water charges.

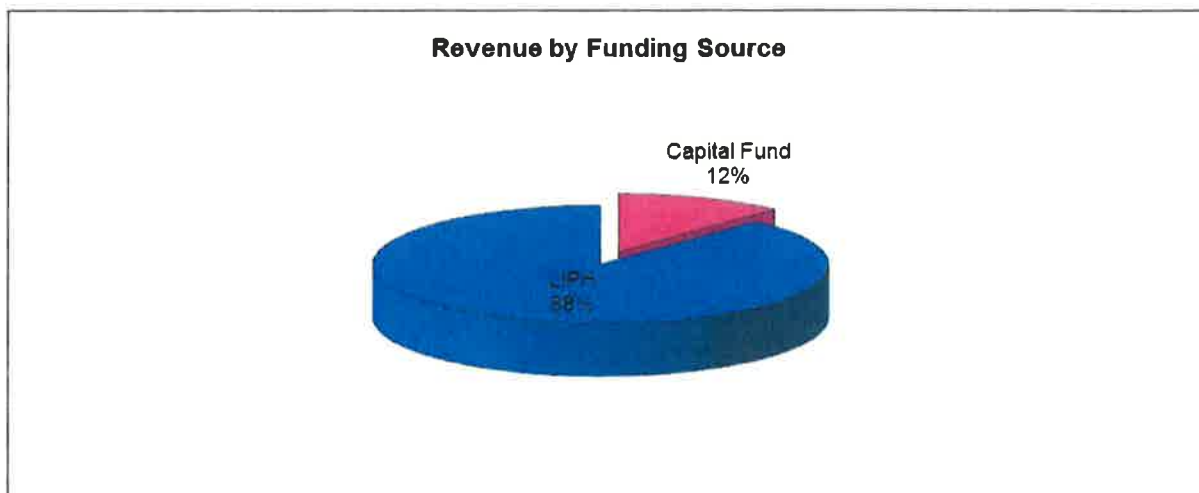
**HOUSING AUTHORITY OF THE CITY OF CAPE MAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)**  
**SEPTEMBER 30, 2014 AND 2013**

Maintenance expenses decreased in 2013 from 2012 by \$45,715 primarily due to a cut in materials purchased of \$18,106 and a cut in contract costs incurred of \$32,120. No mold remediation or other large maintenance expenses were necessary in 2013. Maintenance salaries increased by \$5,390 due to overtime.

General expenses decreased in 2013 from 2012 by \$8,024 due to a decrease in compensated absences of \$6,838, a decrease in PILOT of \$407, and a decrease in bad debts of \$779.

The following table summarizes the condensed statements of net position between September 30, 2014 and 2013, and September 30, 2013 and 2012 for the Authority as a whole:

<u>ENTITY-WIDE</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 368,269	\$ 566,963	\$ 623,654
Other current assets	8,182	9,930	10,504
Capital assets	1,196,968	1,135,115	1,199,498
<b>TOTAL ASSETS</b>	<b>1,573,419</b>	<b>1,712,008</b>	<b>1,833,656</b>
Current liabilities	71,465	64,618	108,978
Noncurrent liabilities	6,050	4,678	8,451
<b>TOTAL LIABILITIES</b>	<b>77,515</b>	<b>69,296</b>	<b>117,429</b>
Net investment in capital assets	1,196,968	1,135,115	1,199,498
Restricted	-	302,774	300,464
Unrestricted	298,936	204,823	216,265
<b>TOTAL NET POSITION</b>	<b>\$ 1,495,904</b>	<b>\$ 1,642,712</b>	<b>\$ 1,716,227</b>





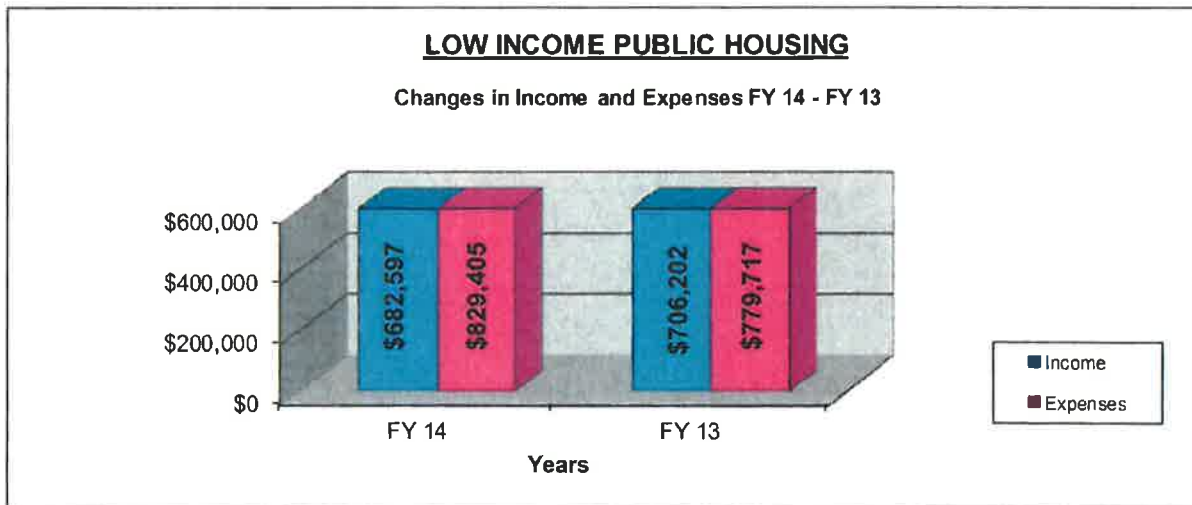
**HOUSING AUTHORITY OF THE CITY OF CAPE MAY**

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

**SEPTEMBER 30, 2014 AND 2013**

The table below summarizes the condensed statement of revenues, expenses, and changes in net position between FYE 2014 and FYE 2013, and FYE 2013 and FYE 2012 for the Authority as a whole (entity-wide):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>REVENUE:</b>			
Tenant rental revenue	\$ 306,377	\$ 306,932	\$ 306,665
HUD PHA operating grants	282,853	303,373	346,974
Capital grants - soft costs	84,062	87,169	93,546
Investment income	1,423	2,340	2,172
Other revenue	7,882	6,388	19,204
<b>TOTAL REVENUE</b>	<u>682,597</u>	<u>706,202</u>	<u>768,561</u>
<b>EXPENSES:</b>			
Administrative	196,962	188,233	193,033
Utilities	253,088	232,533	228,900
Tenant services	1,620	-	810
Maintenance	217,312	205,110	250,825
General expenses	12,311	9,951	17,975
Insurance expenses	21,963	23,318	24,677
Depreciation expense	126,419	120,572	115,929
<b>TOTAL EXPENSES</b>	<u>829,405</u>	<u>779,717</u>	<u>832,149</u>
<b>CHANGE IN NET POSITION</b>	(146,808)	(73,515)	(63,588)
<b>NET POSITION, BEGINNING</b>	<u>1,642,712</u>	<u>1,716,227</u>	<u>1,779,815</u>
<b>NET POSITION, ENDING</b>	<u>\$ 1,495,904</u>	<u>\$ 1,642,712</u>	<u>\$ 1,716,227</u>



**HOUSING AUTHORITY OF THE CITY OF CAPE MAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)**  
**SEPTEMBER 30, 2014 AND 2013**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:*

The following table summarizes the changes in capital assets between September 30, 2014, 2013, and 2012, respectively:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Land	\$ 30,200	\$ 30,200	\$ 30,200
Buildings and building improvements	3,610,855	3,499,893	3,443,704
Furniture, equipment, and machinery - administration	88,338	93,896	93,896
Construction-in-progress	<u>65,902</u>	<u>-</u>	<u>-</u>
<b>TOTAL CAPITAL ASSETS</b>	<b>3,795,295</b>	<b>3,623,989</b>	<b>3,567,800</b>
Accumulated depreciation	<u>2,598,327</u>	<u>2,488,874</u>	<u>2,368,302</u>
<b>CAPITAL ASSETS, NET</b>	<b><u>\$ 1,196,968</u></b>	<b><u>\$ 1,135,115</u></b>	<b><u>\$ 1,199,498</u></b>

*Debt:*

As of September 30, 2014, 2013, and 2012, respectively, the Authority had no outstanding debt.

**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, Cape May Housing Authority, 639 Lafayette Court, Cape May, NJ 08204-1518, 609-884-8703.

**HOUSING AUTHORITY OF THE CITY OF CAPE MAY  
CAPE MAY, NEW JERSEY  
STATEMENTS OF NET POSITION  
SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 342,125	\$ 238,164
Cash and cash equivalents - restricted	-	302,774
Tenant security deposits	26,144	26,025
Accounts receivable, net	2,762	2,111
Prepaid expenses	5,420	7,819
<b>Total Current Assets</b>	<u>376,451</u>	<u>576,893</u>
<b>NONCURRENT ASSETS:</b>		
Land	30,200	30,200
Construction-in-progress	65,902	-
Capital assets, net	1,100,866	1,104,915
<b>Total Noncurrent Assets</b>	<u>1,196,968</u>	<u>1,135,115</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,573,419</u>	<u>\$ 1,712,008</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 43,305	\$ 37,034
Accrued compensated absences	2,016	1,559
Tenant security deposits	26,144	26,025
<b>Total Current Liabilities</b>	<u>71,465</u>	<u>64,618</u>
<b>NONCURRENT LIABILITIES:</b>		
Accrued compensated absences	6,050	4,678
<b>Total Noncurrent Liabilities</b>	<u>6,050</u>	<u>4,678</u>
<b>TOTAL LIABILITIES</b>	<u>77,515</u>	<u>69,296</u>
<b>NET POSITION:</b>		
Net investment in capital assets	1,196,968	1,135,115
Restricted	-	302,774
Unrestricted	298,936	204,823
<b>TOTAL NET POSITION</b>	<u>1,495,904</u>	<u>1,642,712</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,573,419</u>	<u>\$ 1,712,008</u>

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

**HOUSING AUTHORITY OF THE CITY OF CAPE MAY  
CAPE MAY, NEW JERSEY  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>OPERATING INCOME</b>		
Tenant revenue	\$ 306,377	\$ 306,932
Government operating grants and capital grants (soft costs)	366,915	390,542
Other income	4,967	6,388
<b>TOTAL OPERATING INCOME</b>	<u>678,259</u>	<u>703,862</u>
<b>OPERATING EXPENSES</b>		
Administration	196,962	188,233
Utilities	253,088	232,533
Tenant services	1,620	-
Maintenance	217,312	205,110
Insurance expense	21,963	23,318
General expense	12,311	9,951
Depreciation expense	126,149	120,572
<b>TOTAL OPERATING EXPENSES</b>	<u>829,405</u>	<u>779,717</u>
<b>NET OPERATING LOSS</b>	<u>(151,146)</u>	<u>(75,855)</u>
<b>NONOPERATING INCOME</b>		
Interest on investments	1,423	2,340
Gain on sale of capital assets	2,915	-
<b>TOTAL NONOPERATING INCOME</b>	<u>4,338</u>	<u>2,340</u>
<b>CHANGE IN NET POSITION</b>	(146,808)	(73,515)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>1,642,712</u>	<u>1,716,227</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 1,495,904</u>	<u>\$ 1,642,712</u>

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

**HOUSING AUTHORITY OF THE CITY OF CAPE MAY  
CAPE MAY, NEW JERSEY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from tenants	\$ 305,420	\$ 308,239
Cash receipts from HUD	367,179	390,278
Other operating cash receipts	5,009	6,346
Cash payments to employees for services	(165,292)	(155,084)
Cash payments to suppliers of goods or services	(527,346)	(553,814)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(15,030)</u>	<u>(4,035)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	(188,002)	(56,189)
Proceeds from sale of capital assets	2,915	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(185,087)</u>	<u>(56,189)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	1,423	3,533
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>1,423</u>	<u>3,533</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(198,694)	(56,691)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>566,963</u>	<u>623,654</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 368,269</u>	<u>\$ 566,963</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating loss	\$ (151,146)	\$ (75,855)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	126,149	120,572
Changes in assets and liabilities:		
(Increase) Decrease in accounts receivable	(651)	1,001
Decrease (Increase) in prepaid expenses	2,399	(1,620)
Increase (Decrease) in accounts payable and accrued expenses	6,271	(46,827)
Increase (Decrease) in compensated absences	1,829	(5,031)
Increase in tenant security deposits	119	3,725
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (15,030)</u>	<u>\$ (4,035)</u>
<b>SUMMARY OF CASH:</b>		
Cash and cash equivalents	\$ 342,125	\$ 238,164
Cash and cash equivalents - restricted	-	302,774
Tenant securit deposits	26,144	26,025
<b>Total cash and cash equivalents</b>	<u>\$ 368,269</u>	<u>\$ 566,963</u>

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

HOUSING AUTHORITY OF THE CITY OF CAPE MAY

SEPTEMBER 30, 2014 AND 2013

NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND ACTIVITY

The Housing Authority of the City of Cape May, New Jersey (the "Authority") is a nonprofit corporation which was organized under the laws of the State of New Jersey to provide housing for qualified individuals in accordance with the rules and regulations prescribed by HUD. It is not subject to federal or state income taxes, nor is it required to file federal and state income tax returns.

The Authority was created through a resolution of the City Council of the City of Cape May in the County of Cape May, New Jersey, in 1964. Organized as a public housing authority ("PHA") as defined by state statute (N.J.S.A. 40A:12A-1, et seq., the Housing Authority Act), the Authority functions under the supervision of the U.S. Department of Housing and Urban Development ("HUD") and the New Jersey State Department of Community Affairs. The Board of Commissioners of the Authority is a seven-member board with members appointed by the Mayor of the City of Cape May.

As of September 30, 2014 and 2013, the activities of the Authority included the ownership and management of 85 units of public housing in the City of Cape May.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Presentation

The financial statements were prepared in accordance with generally accepted accounting principles ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Accounting records are maintained on the accrual basis of accounting, under which revenues are recorded when they are earned and expenses are recorded when the corresponding liabilities are incurred. The Authority applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

Reporting Entity

The Authority's financial statements include the accounts of all Authority operations.

The criteria for including organizations within the Authority's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 61, relate to financial accountability. On the basis of these criteria, the Authority has no other entities that are required to be included in its financial statements, nor is the Authority includable in the financial statements of any other reporting entity.

HOUSING AUTHORITY OF THE CITY OF CAPE MAY

SEPTEMBER 30, 2014 AND 2013

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Presentation

The Authority's accounts are organized as an enterprise fund. The operations are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. Enterprise funds are used to account for operations that provide a service to the public financed by charges to users of that service and activities for which the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus/Basis of Accounting

The Authority's enterprise fund is accounted for on the flow of economic resources measurement focus. Accounting records are maintained on the accrual basis of accounting, under which revenues are recorded when they are earned and expenses are recorded when the corresponding liabilities are incurred. The Authority applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

The Authority adheres to the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," and GASB Statement No. 38, "Certain Financial Statement Note Disclosures." Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities, which includes a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. It is comprised of assets, net of related liabilities that are required to be set aside by revenue bond covenants for operations, maintenance, and renewal and replacements.

HOUSING AUTHORITY OF THE CITY OF CAPE MAY

SEPTEMBER 30, 2014 AND 2013

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- **Unrestricted** – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." Administrative expenses are paid with the use of unrestricted resources.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all deposit and certificate of deposit accounts with an original maturity of three months or less to be cash equivalents.

Revenue

The major sources of revenue are various operating subsidies and grants received from HUD and rental charges to tenants.

**Federal grant revenue** – Operating subsidies and Capital Fund Program ("CFP") grant revenue received from HUD are susceptible to accrual and are recognized during the fiscal year earned. The Authority generally is entitled to receive monies under an established payment schedule or, for the CFP grant, as expenditures are made. All revenues and receivables are shown net of allowances for uncollectible accounts. Allowances are based on historic trends or specific account evaluation as necessary.

**Tenant charges** – Tenant charges consist of rental income. Rents are recognized as revenue when assessed. Amounts not received by year end are considered to be accounts receivable, and amounts paid for in the current year for the subsequent fiscal year (if any) are recorded as deferred revenue. As of September 30, 2014 and 2013, the Authority had tenant receivables of \$2,762 and \$1,805, respectively, net of allowances of \$920 and \$601, respectively. The Authority had other receivables for the years ended September 30, 2014 and 2013 totaling \$0 and \$306, respectively.

**Other income** – Other income is composed primarily of miscellaneous service fees and is recorded when earned.

Budgets and Budgetary Control

The accounting records of the Authority generally are maintained on the budgetary basis prescribed by HUD, which is a comprehensive basis of accounting other than generally accepted accounting principles. Sufficient supplemental records generally are maintained to allow for the presentation of GAAP basis financial statements. Formal budgetary integration into the accounting system is not employed.



HOUSING AUTHORITY OF THE CITY OF CAPE MAY

SEPTEMBER 30, 2014 AND 2013

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Authority prepares an annual comprehensive budget, as required by N.J.S.A. 40A: 5A-10, the Housing Authority Act, for submission to the New Jersey Department of Community Affairs. The budget includes all operations of the Authority. Unexpended appropriations for annually-budgeted funds lapse at fiscal year end. Original budgets and budget amendments must be approved by Board resolutions. There were no budget amendments during the years ended September 30, 2014 and 2013.

The Authority's annual budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function and nature. The total amount of appropriations constitutes the legal level of control. Annual budgets lapse at fiscal year end.

Capital Assets

Property and equipment are carried at historical cost. All additions and betterments are charged to the property and equipment accounts. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. The Authority has no infrastructure fixed assets.

Assets capitalized generally have an original cost of \$2,000 or more and a useful life of more than one year. Depreciation has been provided on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Building improvements	10 to 20 years
Furniture, equipment, and machinery	3 to 10 years

Compensated Absences

Employees earn vacation and sick leave in varying amounts based upon length of service. The Authority's policy allows employees to accumulate unused sick leave on an unlimited basis to be taken as needed. Fifty percent of the value of an employee's accumulated sick leave is payable upon retirement, not to exceed \$17,500. A liability for accumulated sick leave for eligible employees is recorded in the financial statements. No accrual for vacation time has been recorded in the financial statements, as the policy states employees are not allowed to carry over unused vacation time earned from year to year.

Revenues and Expenses

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are tenant rentals and operating grants from HUD.

HOUSING AUTHORITY OF THE CITY OF CAPE MAY

SEPTEMBER 30, 2014 AND 2013

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Operating expenses include the costs associated with the day-to-day operations of the Authority and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to apply restricted net position first.

Implementation of GASB Statement

The Authority implemented the provisions of GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This new guidance establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Authority did not have any deferred outflows or deferred inflows as of September 30, 2014 and 2013.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 DEPOSITS

*Deposits*

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At September 30, 2014, the carrying amount of the Authority's deposits was \$368,269, and the bank balance was \$395,370. Of the bank balance, \$318,619 was covered by federal depository insurance, and \$76,751 was covered by the Governmental Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. At September 30, 2013, the carrying amount of the Authority's deposits was \$566,963, and the bank balance was \$568,874. Of the bank balance, \$296,206 was covered by federal depository insurance, and \$272,668 was covered by the Governmental Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

HOUSING AUTHORITY OF THE CITY OF CAPE MAY

SEPTEMBER 30, 2014 AND 2013

NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS

The changes in capital assets for the year ended September 30, 2014 are as follows:

	Beginning Balance 10/01/13	Additions	Deletions/ Adjustments	Ending Balance 09/30/14
Capital assets not being depreciated:				
Land	\$ 30,200	\$ -	\$ -	\$ 30,200
Construction in progress	-	65,902	-	65,902
Total Capital Assets Not Being Depreciated	<u>30,200</u>	<u>65,902</u>	<u>-</u>	<u>96,102</u>
Capital assets being depreciated:				
Buildings and building improvements	3,499,893	110,962	-	3,610,855
Furniture, equipment, and machinery - administration	93,896	11,138	(16,696)	88,338
Total Capital Assets Being Depreciated	<u>3,593,789</u>	<u>122,100</u>	<u>(16,696)</u>	<u>3,699,193</u>
Accumulated depreciation	<u>2,488,874</u>	<u>126,149</u>	<u>(16,696)</u>	<u>2,598,327</u>
Total Capital Assets Being Depreciated, Net	<u>1,104,915</u>	<u>(4,049)</u>	<u>-</u>	<u>1,100,866</u>
CAPITAL ASSETS, NET	<u>\$1,135,115</u>	<u>\$ 61,853</u>	<u>\$ -</u>	<u>\$1,196,968</u>

The changes in capital assets for the year ended September 30, 2013 are as follows:

	Beginning Balance 10/01/12	Additions	Deletions/ Adjustments	Ending Balance 09/30/13
Capital assets not being depreciated:				
Land	\$ 30,200	\$ -	\$ -	\$ 30,200
Total Capital Assets Not Being Depreciated	<u>30,200</u>	<u>-</u>	<u>-</u>	<u>30,200</u>
Capital assets being depreciated:				
Buildings and building improvements	3,443,704	56,189	-	3,499,893
Furniture, equipment, and machinery - administration	93,896	-	-	93,896
Total Capital Assets Being Depreciated	<u>3,537,600</u>	<u>56,189</u>	<u>-</u>	<u>3,593,789</u>
Accumulated depreciation	<u>2,368,302</u>	<u>120,572</u>	<u>-</u>	<u>2,488,874</u>
Total Capital Assets Being Depreciated, Net	<u>1,169,298</u>	<u>(64,383)</u>	<u>-</u>	<u>1,104,915</u>
CAPITAL ASSETS, NET	<u>\$1,199,498</u>	<u>\$ (64,383)</u>	<u>\$ -</u>	<u>\$1,135,115</u>

HOUSING AUTHORITY OF THE CITY OF CAPE MAY

SEPTEMBER 30, 2014 AND 2013

NOTES TO FINANCIAL STATEMENTS

NOTE 5 PENSION PLAN

Plan Description

The Authority contributes to the Public Employees' Retirement System ("PERS"), a governmental cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey under the provisions of N.J.S.A. 43:15A.

The PERS' designated purpose is to provide retirement, death, disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the plan. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly-available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. The full normal employee contribution rate is 6.78 percent of base salary. The rate for members who are eligible for the Prosecutors Part of the PERS (Chapter 366, P.L. 2001) is 8.5 percent of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits.

The total employee contributions for the years ended September 30, 2014, 2013, and 2012 were \$12,084, \$9,385, and \$7,421, respectively. Total employer contributions for the years ended September 30, 2014, 2013 and 2012 were \$8,795, \$8,141, and \$12,177, respectively.

NOTE 6 ECONOMIC DEPENDENCY

The Authority is economically dependent upon the subsidies received from HUD.

NOTE 7 RESTRICTED CASH

For the years ended September 30, 2014 and 2013, restricted cash in the amount of \$0 and \$302,774, respectively, represents unspent capital fund program requisitions designated for future capital activities and future operating needs.

HOUSING AUTHORITY OF THE CITY OF CAPE MAY

SEPTEMBER 30, 2014 AND 2013

NOTES TO FINANCIAL STATEMENTS

NOTE 8 COMMITMENTS

As of September 31, 2014, the Authority has the following construction commitment. The anticipated construction commitment is as follows:

	<u>Contract Amount</u>	<u>Completed at 09/31/2014</u>	<u>Estimated Balance to Complete</u>
Ocean Construction (Bathrooms)	<u>\$ 72,000</u>	<u>\$ 63,830</u>	<u>\$ 8,170</u>

In addition, the Authority has incurred costs related to the other capital projects in the amount of \$2,072 that are not under formal commitments as of September 31, 2014.

NOTE 9 SUBSEQUENT EVENTS

The Authority has evaluated all subsequent events through February 12, 2015, the date the financial statements were available to be issued.

**HOUSING AUTHORITY OF THE CITY OF CAPE MAY  
CAPE MAY, NEW JERSEY**

**SUPPLEMENTAL INFORMATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Cape May Housing Authority (NJ062)  
CAPE MAY, NJ

**Entity-wide Balance Sheet Summary**

Fiscal Year End: 09/30/2014

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$ 342,125	\$ 342,125	\$ 342,125
112 Cash - Restricted - Modernization and Development	-	-	-
113 Cash - Other Restricted	-	-	-
114 Cash - Tenant Security Deposits	26,144	26,144	26,144
115 Cash - Restricted for Payment of Current Liabilities	-	-	-
100 Total Cash	368,269	368,269	368,269
121 Accounts Receivable - PHA Projects	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-
124 Accounts Receivable - Other Government	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	-
126 Accounts Receivable - Tenants	3,682	3,682	3,682
126.1 Allowance for Doubtful Accounts - Tenants	(920)	(920)	(920)
126.2 Allowance for Doubtful Accounts - Other	-	-	-
127 Notes, Loans, and 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	2,762	2,762	2,762
131 Investments - Unrestricted	-	-	-
132 Investments - Restricted	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-

Cape May Housing Authority (NJ062)  
CAPE MAY, NJ

Entity-wide Balance Sheet Summary

Fiscal Year End: 09/30/2014

	Project Total	Subtotal	Total
142 Prepaid Expenses and Other Assets	5,420	5,420	5,420
143 Inventories	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-
144 Inter Program Due From	-	-	-
145 Assets Held for Sale	-	-	-
150 Total Current Assets	376,451	376,451	376,451
161 Land	30,200		30,200
162 Buildings	3,610,855	3,610,855	3,610,855
163 Furniture, Equipment, and Machinery - Dwellings	-	-	-
164 Furniture, Equipment, and Machinery - Administration	88,338	88,338	88,338
165 Leasehold Improvements	-	-	-
166 Accumulated Depreciation	(2,598,327)	(2,598,327)	(2,598,327)
167 Construction-in-progress	65,902	65,902	65,902
168 Infrastructure	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	1,196,968	1,166,768	1,196,968
171 Notes, Loans, and Mortgages Receivable - Non-current	-	-	-
172 Notes, Loans, and Mortgages Receivable - Non-current - Past Due	-	-	-
173 Grants Receivable - Non-current	-	-	-
174 Other Assets	-	-	-
176 Investments in Joint Ventures	-	-	-
180 Total Non-current Assets	1,196,968	1,166,768	1,196,968



Cape May Housing Authority (NJ062)  
 CAPE MAY, NJ  
 Entity-wide Balance Sheet Summary

Fiscal Year End: 09/30/2014

	Project Total	Subtotal	Total
200 Deferred Outflow of Resources	-	-	-
190 Total Assets and Outflow of Resources	\$ 1,573,419	\$ 1,573,419	\$ 1,573,419
311 Bank Overdraft	\$ -	\$ -	-
312 Accounts Payable <= 90 Days	23,291	23,291	23,291
313 Accounts Payable >90 Days Past Due	-	-	-
321 Accrued Wage/Payroll Taxes Payable	8,133	8,133	8,133
322 Accrued Compensated Absences - Current Portion	2,016	2,016	2,016
324 Accrued Contingency Liability	-	-	-
325 Accrued Interest Payable	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-
332 Account Payable - PHA Projects	-	-	-
333 Accounts Payable - Other Government	5,329	5,329	5,329
341 Tenant Security Deposits	26,144	26,144	26,144
342 Deferred Revenues	-	-	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-
345 Other Current Liabilities	-	-	-
346 Accrued Liabilities - Other	6,552	6,552	6,552
347 Inter Program - Due To	-	-	-
348 Loan Liability - Current	-	-	-
310 Total Current Liabilities	71,465	71,465	71,465

Cape May Housing Authority (NJ062)  
CAPE MAY, NJ

**Entity-wide Balance Sheet Summary**

Fiscal Year End: 09/30/2014

	Project Total	Subtotal	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-
353 Non-current Liabilities - Other	-	-	-
354 Accrued Compensated Absences - Non-current	6,050	6,050	6,050
355 Loan Liability - Non-current	-	-	-
356 FASB 5 Liabilities	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-
350 Total Non-current Liabilities	6,050	6,050	6,050
300 Total Liabilities	77,515	77,515	77,515
400 Deferred Inflows of Resources	-	-	-
508.1 Net Investment in Capital Assets	1,196,969	1,196,969	1,196,969
509.2 Fund Balance Reserved	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-
511.1 Restricted Net Position	-	-	-
512.1 Unrestricted Net Position	298,935	298,935	298,935
512.2 Unreserved, Undesignated Fund Balance	-	-	-
513 Total Equity/Net Position	1,495,904	1,495,904	1,495,904
600 Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position	\$ 1,573,419	\$ 1,573,419	\$ 1,573,419

Cape May Housing Authority (NJ062)  
CAPE MAY, NJ

**Single Project Revenue and Expense**

Fiscal Year End: 09/30/2014

Project Name: NJ062000001

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$ 301,600	\$ -	\$ 301,600
70400 Tenant Revenue - Other	4,777	-	4,777
70500 Total Tenant Revenue	306,377	-	306,377
70600 HUD PHA Operating Grants	282,853	84,062	366,915
70610 Capital Grants	-	-	-
70710 Management Fee	-	-	-
70720 Asset Management Fee	-	-	-
70730 Bookkeeping Fee	-	-	-
70740 Front Line Service Fee	-	-	-
70750 Other Fees	-	-	-
70700 Total Fee Revenue	-	-	-
70800 Other Government Grants	-	-	-
71100 Investment Income - Unrestricted	6	-	6
71200 Mortgage Interest Income	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-
71310 Cost of Sale of Assets	-	-	-
71400 Fraud Recovery	-	-	-
71500 Other Revenue	4,967	-	4,967
71600 Gain or Loss on Sale of Capital Assets	2,915	-	2,915
72000 Investment Income - Restricted	1,417	-	1,417
70000 Total Revenue	\$ 598,535	\$ 84,062	\$ 682,597
91100 Administrative Salaries	\$ 84,997	\$ -	\$ 84,997

**Cape May Housing Authority (NJ062)**  
**CAPE MAY, NJ**

**Single Project Revenue and Expense**

Fiscal Year End: 09/30/2014

Project Name: NJ062000001

	Low Rent	Capital Fund	Total Project
91200 Auditing Fees	9,120	-	9,120
91300 Management Fee	-	-	-
91310 Bookkeeping Fee	-	-	-
91400 Advertising and Marketing	1,001	-	1,001
91500 Employee Benefit Contributions - Administrative	40,218	-	40,218
91600 Office Expenses	4,336	-	4,336
91700 Legal Expense	13,132	-	13,132
91800 Travel	99	-	99
91810 Allocated Overhead	-	-	-
91900 Other	44,059	-	44,059
91000 Total Operating - Administrative	196,962	-	196,962
92000 Asset Management Fee	-	-	-
92100 Tenant Services - Salaries	-	-	-
92200 Relocation Costs	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-
92400 Tenant Services - Other	1,620	-	1,620
92500 Total Tenant Services	1,620	-	1,620
93100 Water	-	-	-
93200 Electricity	84,064	-	84,064
93300 Gas	169,024	-	169,024
93400 Fuel	-	-	-
93500 Labor	-	-	-
93600 Sewer	-	-	-

**Cape May Housing Authority (NJ062)**  
**CAPE MAY, NJ**

**Single Project Revenue and Expense**

Fiscal Year End: 09/30/2014  
 Project Name: NJ062000001

	Low Rent	Capital Fund	Total Project
93700 Employee Benefit Contributions - Utilities	-	-	-
93800 Other Utilities Expense	-	-	-
93000 Total Utilities	253,088	-	253,088
94100 Ordinary Maintenance and Operations - Labor	82,123	-	82,123
94200 Ordinary Maintenance and Operations - Materials and Other	29,872	-	29,872
94300 Ordinary Maintenance and Operations Contracts	66,676	-	66,676
94500 Employee Benefit Contributions - Ordinary Maintenance	38,641	-	38,641
94000 Total Maintenance	217,312	-	217,312
95100 Protective Services - Labor	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-
95300 Protective Services - Other	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-
95000 Total Protective Services	-	-	-
96110 Property Insurance	9,813	-	9,813
96120 Liability Insurance	7,549	-	7,549
96130 Workmen's Compensation	2,688	-	2,688
96140 All Other Insurance	1,913	-	1,913
96100 Total Insurance Premiums	21,963	-	21,963
96200 Other General Expenses	-	-	-
96210 Compensated Absences	2,800	-	2,800
96300 Payments in Lieu of Taxes	5,329	-	5,329

Cape May Housing Authority (NJ062)  
CAPE MAY, NJ

Single Project Revenue and Expense

Fiscal Year End: 09/30/2014

Project Name: NJ062000001

	Low Rent	Capital Fund	Total Project
96400 Bad Debt - Tenant Rents	3,182	-	3,182
96500 Bad Debt - Mortgages	-	-	-
96600 Bad Debt - Other	1,000	-	1,000
96800 Severance Expense	-	-	-
96000 Total Other General Expenses	12,311	-	12,311
96710 Interest of Mortgage (or Bonds) Payable	-	-	-
96720 Interest on Notes Payable (Short and Long-term)	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-
96900 Total Operating Expenses	703,256	-	703,256
97000 Excess of Operating Revenue Over Operating Expenses	(104,721)	84,062	(20,659)
97100 Extraordinary Maintenance	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-
97300 Housing Assistance Payments	-	-	-
97350 HAP Portability - In	-	-	-
97400 Depreciation Expense	126,149	-	126,149
97500 Fraud Losses	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-
97800 Dwelling Units Rent Expense	-	-	-
90000 Total Expenses	829,405	-	829,405

Cape May Housing Authority (NJ062)  
CAPE MAY, NJ

Single Project Revenue and Expense

Fiscal Year End: 09/30/2014

Project Name: NJ062000001

	Low Rent	Capital Fund	Total Project
10010 Operating Transfer In	84,062	-	84,062
10020 Operating Transfer Out	-	(84,062)	(84,062)
10030 Operating Transfers from/to Primary Government	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-
10050 Proceeds from Notes, Loans, and Bonds	-	-	-
10060 Proceeds from Property Sales	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-
10093 Transfers Between Program and Project - In	-	-	-
10094 Transfers Between Project and Program - Out	-	-	-
10100 Total Other Financing Sources (Uses)	84,062	(84,062)	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (146,808)	\$ -	\$ (146,808)
11020 Required Annual Debt Principal Payments	-	-	-
11030 Beginning Equity	1,642,712	-	1,642,712
11040 Prior Period Adjustments, Equity Transfers, and Correction of Errors	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-

Cape May Housing Authority (NJ062)  
CAPE MAY, NJ

Single Project Revenue and Expense

Fiscal Year End: 09/30/2014

Project Name: NJ062000001

	Low Rent	Capital Fund	Total Project
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-
11170 Administrative Fee Equity	-	-	-
11180 Housing Assistance Payments Equity	-	-	-
11190 Unit Months Available	1,020	-	1,020
11210 Number of Unit Months Leased	1,000	-	1,000
11270 Excess Cash	240,962	-	240,962
11610 Land Purchases	-	-	-
11620 Building Purchases	176,864	-	176,864
11630 Furniture and Equipment - Dwelling Purchases	-	-	-
11640 Furniture and Equipment - Administrative Purchases	11,138	-	11,138
11650 Leasehold Improvements Purchases	-	-	-
11660 Infrastructure Purchases	-	-	-
13510 CFFP Debt Service Payments	-	-	-
13901 Replacement Housing Factor Funds	-	-	-



**HOUSING AUTHORITY OF THE CITY OF CAPE MAY**  
**CAPE MAY, NEW JERSEY**  
**RECONCILIATION OF CAPITAL FUNDS ADVANCED WITH COST - EXCESS OR DEFICIENT**  
**ADVANCES - PHA OWNED HOUSING**  
**SEPTEMBER 30, 2014**

	Capital Fund 2014
Funds Approved	\$ 91,089
Funds Expended	-
Excess of Funds Approved	\$ 91,089
Funds Advanced	\$ -
Funds Expended	-
Excess of Funds Advanced	\$ -

**HOUSING AUTHORITY OF THE CITY OF CAPE MAY  
CAPE MAY, NEW JERSEY  
STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION  
COSTS - COMPLETED PROJECTS  
SEPTEMBER 30, 2014**

	Project No. NJ39P06250107		
	Approved Budget	Actual Costs	Overrun
Operations	\$ 107,984	\$ 107,984	\$ -
<b>TOTAL COSTS</b>	<b>\$ 107,984</b>	<b>\$ 107,984</b>	<b>\$ -</b>

1. The actual 2007 modernization costs are as shown above.
2. The distribution of costs by major cost accounts as shown on the Annual Statement/Performance and Evaluation Report dated September 27, 2008, accompanying the actual modernization cost certificate submitted to HUD for approval, is in agreement with the Housing Authority's records.
3. All costs have been paid, and all related liabilities have been discharged through payment.
4. There were no budget overruns noted.

**HOUSING AUTHORITY OF THE CITY OF CAPE MAY  
CAPE MAY, NEW JERSEY  
STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION  
COSTS - COMPLETED PROJECTS  
SEPTEMBER 30, 2014**

	Project No. NJ39P06250113		
	Approved Budget	Actual Costs	Overrun
Operations	\$ 84,062	\$ 84,062	\$ -
<b>TOTAL COSTS</b>	<b>\$ 84,062</b>	<b>\$ 84,062</b>	<b>\$ -</b>

1. The actual 2013 modernization costs are as shown above.
2. The distribution of costs by major cost accounts as shown on the Annual Statement/Performance and Evaluation Report dated July 30, 2014, accompanying the actual modernization cost certificate submitted to HUD for approval, is in agreement with the Housing Authority's records.
3. All costs have been paid, and all related liabilities have been discharged through payment.
4. There were no budget overruns noted.

**OTHER REPORT**

Barbacane, Thornton & Company LLP  
200 Springer Building  
3411 Silverside Road  
Wilmington, Delaware 19810

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

T 302.478.8940  
F 302.468.4001  
www.btcpa.com

February 12, 2015

Board of Commissioners  
Housing Authority of the City of Cape May  
Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Cape May, Cape May, New Jersey as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Cape May's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Cape May's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Cape May's internal control.

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

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

Board of Commissioners  
Housing Authority of the City of Cape May

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP