

Gloucester City Housing Authority

Financial Statements

June 30, 2020

Joseph W. Bowley & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS



GLOUCESTER CITY HOUSING AUTHORITY
TABLE OF CONTENTS
JUNE 30, 2020

<u>Description</u>	<u>Pages</u>
Independent Auditors' Report	3-4
Managements' Discussion and Analysis	5-8
Comparative Statements of Net Position	9-10
Comparative Statements of Revenue, Expenses and Changes in Net Position	11-13
Comparative Statements of Cash Flows	14
Notes to Financial Statements	15-20
Supplementary Information:	
Financial Data Schedules	21-28
Schedule of Changes - Capital Assets Additions	29
Supplementary Schedule of Expense	30-31
Schedule of Accounts Payable & Accrued Expenses	32
Computation of Surplus Cash, Distributions, and Residual Receipts – Annual	33
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	34-35
Schedule of Findings, Questioned Costs and Recommendations	36
Management Agents' Certification	37
Certification of Project Owner	38

Joseph W. Bowley & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

- Joseph W. Bowley, CPA, Partner
- Jeffrey J. Bowley, CPA, MT
- Licensed in New Jersey & Pennsylvania

27 W. Church Street
Blackwood, New Jersey 08012
(856) 228-8006
Fax: (856) 228-3629

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gloucester City Housing Authority, Inc.
Gloucester City, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Gloucester City Housing Authority, Inc. ("the Authority"), as of and for the years ended 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Gloucester City Housing Authority, Inc.'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 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the Gloucester City Housing Authority, Inc, as of June 30, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 and budgetary comparison on pages 5-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide 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 opinions on the financial statements that collectively comprise the Gloucester City Housing Authority's basic financial statements. The accompanying financial data schedule is not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2020 on our consideration of the Gloucester City Housing Authority, Inc.'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 Gloucester City Housing Authority, Inc.'s internal control over financial reporting and compliance.

Joseph W. Bowley & Company, L.L.P.

Blackwood, New Jersey

October 2, 2020

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

The Gloucester City Housing Authority (“the Agency”) management discussion and analysis (MD&A) is designed to **a)** assist the reader in focusing on significant financial issues, **b)** provide an overview of the Agency’s financial activity, **c)** identify changes in the Agency’s position, and **d)** identify individual fund issues or concerns.

The Gloucester City Housing Authority was formed and organized in New Jersey in April of 1985. The purpose of the Housing Authority is to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The project consists of Ninety (90) senior high-rise units and fifteen (15) single-family homes owned by the Housing Authority.

Financial Highlights

Net operating income (loss) before depreciation and financial revenue was \$123,277 for the year then ended. The Agency’s net position decreased by (\$3,645) from the prior year due to a large depreciation expense of \$126,922.

Revenue from HUD operating subsidies was \$447,635 an increase of \$108,600 from the prior year. Tenant rents were \$330,502, a decrease of \$37 for the year then ended June 30, 2020. The total expenses of the Agency were \$867,237 for 2020 compared to \$734,692 for 2019, an increase of \$132,545, excluding depreciation. The major reasons for the increase were increase maintenance costs and professional fees related to the RAD conversion.

During the fiscal year ended June 30, 2020, the Gloucester City Housing Authority submitted drawn downs to HUD’s Capital Fund Program (CFP) in the amount of \$201,973. The funds drawn down from the CFP during the period \$201,973. \$194,898 was added to the reserve for repairs and renewals.

Overview of the Agency’s Financial Statements

The Agency’s financial statements are designed to be corporate-like. The Agency’s financial statements include a balance sheet showing net position. The balance sheet reports all financial and capital resources for the Agency. The balance sheet is presented in the format where assets minus liabilities equal “Net Position”. Assets and liabilities are presented in order of liquidity and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Assets (the “Unrestricted Net position”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Agency. Net positions are reported in three broad categories:

Net Assets, Invested in Capital Assets, net of Related Debt- This component of Net Position consists of all capital assets 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.

Restricted Net Assets – This component of Net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets – This component consists of Net Position that does not meet the definition of “Net Position Invested in Capital Assets, Net of Related Debt” or “Restricted Net Position”.

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

Table 2 – Change of Net Position

	<u>2020</u>	<u>2019</u>
Beginning Balance – July 1st	\$1,027,904	\$1,046,171
Results of Operations Before Depreciation	123,277	140,974
Adjustments: Current Year Depreciation Expense	(126,922)	(159,241)
Interest Income	<u>-</u>	<u>-</u>
Ending Balance – June 30th	<u>\$1,024,259</u>	<u>\$ 1,027,904</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.
- (2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Agency's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer presentation of the Agency's financial position.

The following schedule compares the revenues and expenses for the current and previous fiscal year.

Table 3 – Statement of Revenues, Expenses and Changes in Net Assets

	<u>2020</u>	<u>2019</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 330,502	\$ 330,539
Operating Subsidies	447,635	339,035
Interest	-	-
CFP and CFR Grant	201,973	194,898
Other	3,140	4,224
Laundry	<u>7,264</u>	<u>6,970</u>
	<u>990,514</u>	<u>875,666</u>
<u>Expenses</u>		
Administrative	217,430	157,981
Tenant Services	16,608	16,150
Utilities	153,724	155,392
Maintenance	237,714	185,737
Management Fee	86,726	83,450
General Expenses	145,251	135,983
Bad Debt	-	-
Extraordinary Expenses	<u>9,784</u>	<u>-</u>
Total Expenses	<u>867,237</u>	<u>734,692</u>
Income Before Depreciation	123,277	140,974
Depreciation	<u>(126,922)</u>	<u>(159,241)</u>
Changes in Net Assets	<u>\$ (3,645)</u>	<u>\$ (18,267)</u>

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position

Total revenue decreased in 2020 primarily due to the following:

Tenant rents collected decreased	\$ 37
CFP grants increased	7,075

Expenses for the year were lower due to decreased administration, ordinary maintenance costs and depreciation costs.

Capital Assets

As of year-end, the Agency had \$9,831,006 invested in capital assets as reflected in the following schedule. The net capital assets decreased by \$94,119 or 1.0 percent from the end of last year due entirely from depreciation expense of \$126,922. During the year, there were \$32,194 in capital asset additions.

Table 4- Capital Assets at Year-End (Net of Depreciation)

	<u>2020</u>	<u>2019</u>
Land	\$ 15,000	\$ 15,000
Buildings	7,281,640	7,281,640
Furniture, Equipment, and Machinery – Admin	78,191	73,091
Building Improvements	<u>2,456,175</u>	<u>2,429,081</u>
	9,831,006	9,798,812
Accumulated Depreciation	<u>(9,146,913)</u>	<u>(9,019,991)</u>
Net Capital Assets	<u>\$ 684,093</u>	<u>\$ 778,821</u>

The following reconciliation identifies the changes in Capital Assets.

Table 5 – Change in Capital Assets

	<u>2020</u>	<u>2019</u>
Beginning Balance – July 1st	\$ 778,821	\$ 938,062
Changes Current Year	32,194	-
Current Year Depreciation Expense	<u>(126,922)</u>	<u>(159,241)</u>
Beginning Balance – June 30th	<u>\$ 684,093</u>	<u>\$ 778,821</u>

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

	<u>2020</u>	<u>2019</u>
Current year additions were funded as follows:		
Capital Fund Programs	\$ 0	\$ 0
Total Additions	<u>\$ 0</u>	<u>\$ 0</u>

Federal Awards status at June 30, 2020:

Capital Fund Program – NJ39P218501-17		
Amount Disbursed through 6/30/20	\$201,973	
Balance	0	

Debt Outstanding - As of year-end, the Agency had no debt (bonds, notes, etc.) outstanding.

Economic Factors

Significant economic factors affecting the Agency are as follows:

Federal funding provided by Congress to the Department of Housing and Urban Development

Local labor supply and demand, which can affect salary and wage rates

Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income

Inflationary pressure on utility rates, supplies, and other costs.

Financial Contact

The individual to be contacted regarding this report is Skandar Zaouali at PRD Management, Inc., 856-485-1990. Specific requests may be submitted to the Gloucester City Housing Authority, 587 Haddon Ave., Collingswood, NJ 08108.

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Current Assets</u>		
Petty Cash	\$ 300	\$ 300
Cash in Bank	46,070	42,267
Accounts Receivable - Sec. 8	272,420	-
Tenant Accounts Receivable		
Less: Allowance for Doubtful Accounts	9,428	3,139
Reserve for Repairs and Renewals	51,000	235,373
Prepaid Insurance	71,906	19,929
Prepaid Expense	<u>18,270</u>	<u>13,616</u>
<u>Total Current Assets</u>	<u>469,394</u>	<u>314,624</u>
 <u>Deposits Held in Trust</u>		
Tenants' Security Deposits	<u>36,025</u>	<u>35,647</u>
<u>Total Deposits Held in Trust</u>	<u>36,025</u>	<u>35,647</u>
 <u>Capital Assets</u>		
Land, Structure and Equipment:		
Land	15,000	15,000
Building Structures	7,281,640	7,281,640
Equipment	78,191	73,091
Improvements	<u>2,456,175</u>	<u>2,429,081</u>
	9,831,006	9,798,812
Less: Accumulated Depreciation	<u>9,146,913</u>	<u>9,019,991</u>
<u>Total Capital Assets</u>	<u>684,093</u>	<u>778,821</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 1,189,512</u>	 <u>\$ 1,129,092</u>

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

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENTS OF NET POSITION (Cont'd)
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 101,653	\$ 36,624
Unearned Revenue - Tenants	1,962	1,486
Accrued Expenses	<u>25,613</u>	<u>27,431</u>
<u>Total Current Liabilities</u>	<u>129,228</u>	<u>65,541</u>
 <u>Deposit Liabilities</u>		
Tenants' Security Deposit	<u>36,025</u>	<u>35,647</u>
<u>Total Deposit Liabilities</u>	<u>36,025</u>	<u>35,647</u>
<u>Total Liabilities</u>	<u>165,253</u>	<u>101,188</u>
 <u>Net Position</u>		
Invested in Capital Assets (net of related debt)	684,093	778,821
Unrestricted Net Assets	<u>340,166</u>	<u>249,083</u>
	<u>1,024,259</u>	<u>1,027,904</u>
 <u>TOTAL LIABILITIES AND NET POSITION</u>	 <u>\$ 1,189,512</u>	 <u>\$ 1,129,092</u>

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

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENTS OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>OPERATING INCOME</u>		
Tenant Rents	\$ 330,502	\$ 330,539
Housing and Urban Development Subsidy	447,635	339,035
Laundry	7,264	6,970
Other Income	3,140	4,224
CFP Grants	<u>201,973</u>	<u>194,898</u>
<u>TOTAL OPERATING INCOME</u>	<u>\$ 990,514</u>	<u>\$ 875,666</u>
<u>OPERATING EXPENSES</u>		
<u>Administration</u>		
Salaries	60,082	57,940
Other Administration Expense (Schedule)	<u>157,348</u>	<u>100,041</u>
<u>Total Administration Expenses</u>	<u>217,430</u>	<u>157,981</u>
<u>Tenant Services</u>		
Recreation, Publications, & Other	<u>16,608</u>	<u>16,150</u>
<u>Utilities</u>		
Utilities (Schedule)	<u>153,724</u>	<u>155,392</u>
<u>Ordinary Maintenance and Operations</u>		
Labor	86,238	79,417
Ordinary Maintenance & Material	65,807	75,498
Contract Cost (Schedule)	<u>85,669</u>	<u>30,822</u>
<u>Total Ordinary Expenses</u>	<u>237,714</u>	<u>185,737</u>
<u>General Expenses</u>		
Insurance	69,593	63,096
Payments in Lieu of Taxes	33,229	33,054
Employee Benefit Contributions	<u>42,429</u>	<u>39,833</u>
<u>Total General Expenses</u>	<u>145,251</u>	<u>135,983</u>
<u>Management Fee</u>	<u>86,726</u>	<u>83,450</u>

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

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENTS OF REVENUE, EXPENSES AND CHANGE IN NET POSITION (Cont'd)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Non-Routine Operating Expenses</u>		
Extraordinary Expense	\$ 9,784	\$ -
<u>Total Non-Routine Operating Expenses</u>	<u>9,784</u>	<u>-</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>867,237</u>	<u>734,692</u>
<u>INCOME (LOSS) BEFORE DEPRECIATION</u>	<u>123,277</u>	<u>140,974</u>
Depreciation Expense	<u>126,922</u>	<u>159,241</u>
<u>CHANGE IN NET POSITION</u>	<u>\$ (3,645)</u>	<u>\$ (18,267)</u>

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

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENTS OF REVENUE, EXPENSES AND CHANGE IN NET POSITION (Cont'd)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Total Net Position - Beginning	\$ 1,027,904	\$ 1,046,171
Less: Change in Net Position	<u>(3,645)</u>	<u>(18,267)</u>
Total Net Position - Ending	<u>\$ 1,024,259</u>	<u>\$ 1,027,904</u>

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

GLOUCESTER CITY HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities:</u>		
<u>Revenue</u>		
Cash From Tenants	\$ 324,213	\$ 330,077
Cash From Housing Assistance Payments	175,215	339,035
Cash From Capital Fund Program	201,973	194,898
Cash Laundry	7,264	6,970
Cash Miscellaneous	3,140	4,224
<u>Cash Payments For Operating Expenses</u>	<u>(675,808)</u>	<u>(846,621)</u>
<u>Net Cash Provided by Operating Activities</u>	<u>35,997</u>	<u>28,583</u>
 <u>Cash Flows From Investing Activities</u>		
Purchases of Improvements and Equipment	<u>(32,194)</u>	<u>-</u>
 <u>Net Cash Used In Investing Activities</u>	<u>(32,194)</u>	<u>-</u>
 Net Increase (Decrease)	3,803	28,583
Cash - Beginning of Period	<u>42,567</u>	<u>13,984</u>
Cash - End of Period	<u>\$ 46,370</u>	<u>\$ 42,567</u>
 <u>Reconciliation of Operating Loss to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Net Operating Income (Loss)	(3,645)	(18,267)
Adjustments to Reconcile Increase in Surplus to Net Cash Used for Operating Activities:		
Depreciation	126,922	159,241
(Increase) Decrease in:		
Tenant Accounts Receivable	(6,289)	(1,452)
Sec. 8 Accounts Receivable	(272,420)	-
Reserve for Repairs and Renewals	184,373	(147,880)
Prepaid Insurance	(51,977)	32,990
Prepaid Expenses	(4,654)	3,628
Increase (Decrease) in:		
Unearned Revenue - Tenants	476	(145)
Accounts Payable/Accrued Expenses	63,211	468
<u>Net Cash Used For Operating Activities</u>	<u>\$ 35,997</u>	<u>\$ 28,583</u>

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

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - A summary of the Public Housing Authority's significant accounting policies applied in the preparation of the accompanying Financial Statements is as follows:

The Gloucester City Housing Authority (GCHA) was formed and organized under the laws of the State of New Jersey in April 1985. The GCHA is a fiscally independent entity and has no component units. The GCHA contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Agency depends on subsidies from HUD to operate.

Description of Programs - The low-income public housing operating subsidy, for the fiscal year June 30, 2020, from the U.S. Department of Housing and Urban Development, was \$447,635, for its ninety (90) unit senior high-rise and fifteen (15) single-family homes owned by the Housing Authority. Tenants' rent is based on thirty percent of the tenants' income less a monthly utility allowance of \$82.

The U. S. Department of Housing and Urban Development (HUD) provides the capital fund program for modernization and management of improvements. Gloucester City Housing Authority withdrew \$201,973 during the fiscal year ended June 30, 2020 from the Annual Capital Funds Grants provided to the public housing agency. The funds are for the modernization and management improvements of the public housing development and may also be used to fund operations.

Reporting Entity – In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is made by applying the criteria set forth by GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on primary organization, financial accountability, as a result of financial dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financial accountable. Based on these criteria, there are no additional agencies which should be included in the financial statements of The Gloucester City Housing.

Basis of Accounting - The Gloucester City Housing Authority prepares its financial statements on the accrual method of accounting, under which revenue is recorded when earned and expenses are recorded when the corresponding liabilities are incurred.

The Authority enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, ("GASB 34"), as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplemental Information.

Prepaid Expenses - The cost of prepaid insurance extending over more than one accounting period, are amortized over the term of the insurance coverage.

Budgeting and Budgetary Accounting – The Authority prepares an annual operating and capital budget for all programs in accordance with HUD requirements. The budget is formally adopted by resolution of the Authority's Board of Directors. Once adopted, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses. The budget is prepared on a detailed line item basis.

Accrued Compensated Absences – in accordance with the Authority's personnel policy, employees can accrue time for compensated absences. The authority believes that this amount is not material to the financial statements and no accrual has been recorded.

Post-Employment Benefits – the Authority does not provide employees with any health or other post-employment benefits. Therefore, there is no accrual for post-employment benefits.

Equity Classifications:

Restricted Net Position – consists of net amounts of assets with constraints placed on use either by (1) external groups such as creditors, grantors, laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation. There are no restricted net amounts.

Unrestricted Net Position – consist of amounts of assets that do not meet the definition of "restricted" or "net investment in capital assets".

Use of Restricted Assets – when both restricted and unrestricted net resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first and then unrestricted resources, as needed.

Estimates - 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.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Operation Revenues and Expenses – the Authority defines its operating revenue as income derived from charges to residents and others for services provided and in the management of the Authority’s assets. Its operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies other revenues and expenses as non-operating.

Capital Assets – Land, building and improvements, and equipment are recorded as capital assets on the balance sheet. The GCHA defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life of at least three years. Purchased capital assets are stated at historical cost. Major outlays for capital assets and improvements are capitalized as projects are constructed and are added to the cost basis of the asset improved.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Depreciation on capital assets is charged as an expense over the following period using the straight-line method.

<u>Assets</u>	<u>Years</u>
Building	28
Building Improvements	10-15
Furniture and Equipment	3-7

Accumulated depreciation is offset against the original cost of the capital asset on the balance sheet. Depreciation expense for June 30, 2020 and 2019 was \$126,922 and \$159,241 respectively.

Economic Dependency – The Low Rent Housing Program of the Authority is economically dependent on operating grants and subsidies from HUD.

Income Taxes – the Authority is a New Jersey municipal authority and, as such, is exempt from income taxes and other state and local taxes. The Authority believes that it has not engaged in any activities for which its tax-exempt status would not be sustained IRS examination or that would require filing of an income tax return for unrelated business income taxes.

NOTE B: MANAGEMENT CONTRACT AND COMPUTER FEE

Gloucester City Housing Authority has entered into a management agreement with PRD Management, Inc. for two years starting October 1, 2017 to September 30, 2019 with three one-year renewals. The first renewal was executed and now is through October 31, 2021. Management fees are based on a per unit basis and are increased annually based on (OCAF). The unit fees for the fiscal years ended June 30, 2020 and 2019 was \$70.13 and \$66.23, respectively, for a total of \$ 86,726 and \$83,450, respectively. Computer charges for the period were \$10.71 per unit per month January through June 2020 and \$10.62 a unit per month for the other fiscal 2020 months and all of the year ended June 30, 2019, for a total of \$13,438 and \$13,381, respectively. Management also provides all labor services related to the project, such as office and maintenance wages and those services directly related to the project, at cost. There is no accrued vacation and sick pay as of June 30, 2020 and 2019.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C: PAYMENT IN LIEU OF REAL ESTATE TAXES

The Gloucester City Housing Authority and Gloucester City have a Tax Abatement Agreement authorizing payment in lieu of taxes. The agreement states that in lieu of taxes, the authority shall make payment to the municipality at an annual charge of ten percent (10%) of the amount received by the Authority, agency, entity or government in the form of sheltered rents. Sheltered rents are defined as amounts paid by the tenant minus the utility allowance and subsidies. The total expense for the year was \$33,230 and \$33,054 for the years ended June 30, 2020 and 2019, respectively.

NOTE D: TENANTS' SECURITY DEPOSIT

Tenants' Security Deposits are held in a separate bank account at TD Bank under the name of The Gloucester City Housing Authority and are FDIC insured.

NOTE E: CASH AND CASH EQUIVALENTS

The Gloucester City Housing Authority's cash and cash equivalents is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

HUD always requires that deposit be fully collateralized. Acceptable collateralization includes FDIC/FSLIC insurance and market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

It is the Authority's policy to maintain collateralization in accordance with the requirements of HUD. Authority cash and investment balances are covered by the FDIC up to \$250,000.

	<u>2020</u>	<u>2019</u>
Petty Cash	\$ 300	\$ 300
Cash in Bank	<u>46,070</u>	<u>42,267</u>
Total	<u>\$ 46,370</u>	<u>\$ 42,567</u>

NOTE F: EMPLOYEE RETIREMENT PLAN

The authority through PRD Management Inc. has adopted a 401k plan effective January 1, 2019 and had a Simple IRA plan, prior to December 31, 2018. for the employees of the Gloucester City Housing Authority. The plan is funded by employees and the corporation will match 100% of employee contribution up to 3% of employees' gross wages, then 50% match up to 5% of employees' gross wages. The cost of employer contributions for the years ending June 30, 2020 and 2019 totaled \$0 and \$0, respectively.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE G: TENANTS' RECEIVABLE

Tenants' receivables for the years ending June 30, 2020 and 2019 were \$9,428 and \$3,139 respectively. Tenants' receivables have been shown net of an allowance for uncollectible. The Authority has provided no allowances for bad debt for the year ended June 30, 2020 based on the Authority's estimate of the collectability of tenants' receivables. The allowances for uncollectible rents at June 30, 2020 and 2019 was \$0.

NOTE H: PREPAID EXPENSE

Prepaid expenses represent expense items paid in advance that are for the subsequent year.

NOTE I: EQUITY CLASSIFICATIONS

Equity is classified as net positions and is displayed in two components:

1. Invested in capital assets, net of related debt - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt attributable to the acquisition, construction or improvement of those assets.
2. Unrestricted net positions - all other net positions that do not meet the definition of "restricted" or invested in capital asset, net of related debt.

NOTE J: RISK MANAGEMENT

The Authority is exposed to various risks and potential liabilities, such as theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In order to deal with these potential liabilities, the Authority's risk management program consisted of various insurance policies covering each of these risks. The Authority believes that such coverage is sufficient to preclude any significant uninsured losses to the Authority.

NOTE K: RENTAL ASSISTANCE DEMONSTRATION (RAD)

The housing agency sent in an application (Phase I) to HUD for the conversion of the property to a Rental Assistance Demonstration (RAD) program September 25, 2014, that was approved on March 25, 2015. The RAD was created by HUD to give public housing authorities the necessary tools to preserve and improve public housing properties and address the backlog of deferred maintenance. The conversion would provide the housing agency with contract rent amounts through CHAP, Commitment to enter into a Housing Assistance Payments. The RAD conversion was executed on November 27, 2019 and the agency's subsidy started on December 1, 2019.

GLOUCESTER CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE L: RESERVE FOR REPAIRS AND REPLACEMENTS

During the fiscal year, as part of the RAD conversion the housing agency was required to set aside \$70,000 as specified amounts for the replacement of property and other project expenditures. Additional funds will be required to be added to the account when the RAD conversion is complete. All withdrawals require approval from HUD.

NOTE M: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 2, 2020, the date the financial statements were available for issuance.

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Project Total	Total
111 Cash - Unrestricted	\$ 46,370	\$ 46,370
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted	\$ 51,000	\$ 51,000
114 Cash - Tenants' Security Deposits	\$ 36,025	\$ 36,025
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$ 133,395	\$ 133,395
121 Accounts Receivable - HUD Projects	\$ 272,420	\$ 272,420
122 Accounts Receivable - HUD Other Projects		
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous	\$ -	\$ -
126 Accounts Receivable - Tenants	\$ 9,428	\$ 9,428
126.1 Allowance for Doubtful Accounts -Tenants	\$ -	\$ -
126.2 Allowance for Doubtful Accounts - Other		
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		
128.1 Allowance for Doubtful Accounts - Fraud		
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 281,848	\$ 281,848
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets	\$ 90,176	\$ 90,176
143 Inventories		
143.1 Allowance for Obsolete Inventories		
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$ 505,419	\$ 505,419

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Project Total	Total
161 Land	\$ 15,000	\$ 15,000
162 Buildings	\$ 7,281,640	\$ 7,281,640
163 Furniture, Equipment & Machinery - Dwellings	\$ 78,191	\$ 78,191
164 Furniture, Equipment & Machinery - Administration		
165 Leasehold Improvements	\$ 2,456,175	\$ 2,456,175
166 Accumulated Depreciation	\$ (9,146,913)	\$ (9,146,913)
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 684,093	\$ 684,093
171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due		
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$ 684,093	\$ 684,093
190 Total Assets	\$ 1,189,512	\$ 1,189,512
311 Bank Overdraft		
312 Accounts Payable <= 90 Days	\$ 101,653	\$ 101,653
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable		
322 Accrued Compensated Absences - Current Portion		
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		
341 Tenants' Security Deposits	\$ 36,025	\$ 36,025
342 Unearned Revenue	\$ 1,962	\$ 1,962
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	\$ 25,613	\$ 25,613
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$ 165,253	\$ 165,253

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Project Total	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		
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities		
350 Total Non-Current Liabilities	\$ 0	\$ 0
300 Total Liabilities	\$ 165,253	\$ 165,253
508.4 Net Investment In Capital Assets	\$ 684,093	\$ 684,093
511.4 Restricted Net Assets		
512.4 Unrestricted Net Assets	\$ 340,166	\$ 340,166
513 Total Equity/Net Assets	\$ 1,024,259	\$ 1,024,259
600 Total Liabilities and Equity/Net Assets	\$ 1,189,512	\$ 1,189,512

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$ 330,502		\$ 330,502
70400 Tenant Revenue - Other	\$ -		\$ -
70500 Total Tenant Revenue	\$ 330,502		\$ 330,502
70600 HUD PHA Operating Grants	\$ 447,635	\$ 201,973	\$ 649,608
70610 Capital Grants	\$ -	\$ -	\$ -
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees	\$ -	\$ -	
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted			
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	\$ 10,404		\$ 10,404
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$ 788,541	\$ 201,973	\$ 990,514
91100 Administrative Salaries	\$ 60,082		\$ 60,082
91200 Auditing Fees	\$ 9,524		\$ 9,524
91300 Management Fee	\$ 86,726	\$ -	\$ 86,726
91310 Book-keeping Fee	\$ 13,438		\$ 13,438
91400 Advertising and Marketing	\$ 438		\$ 438
91500 Employee Benefit contributions - Administrative	\$ -		\$ -
91600 Office Expenses	\$ 3,381		\$ 3,381
91700 Legal Expense	\$ 41,838		\$ 41,838
91800 Travel			
91810 Allocated Overhead			
91900 Other	\$ 88,729		\$ 88,729
91000 Total Operating - Administrative	\$ 304,156	\$ -	\$ 304,156

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Low Rent	Capital Fund	Total Project
92000 Asset Management Fee			
92100 Tenant Services - Salaries	\$ 15,957		\$ 15,957
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$ 651		\$ 651
92500 Total Tenant Services	\$ 16,608		\$ 16,608
93100 Water	\$ 38,812		\$ 38,812
93200 Electricity	\$ 29,822		\$ 29,822
93300 Gas	\$ 9,083		\$ 9,083
93400 Fuel	\$ 325		\$ 325
93500 Labor			
93600 Sewer	\$ 75,682		\$ 75,682
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$ 153,724	\$ -	\$ 153,724
94100 Ordinary Maintenance and Operations - Labor	\$ 86,238		\$ 86,238
94200 Ordinary Maintenance and Operations - Materials and Other	\$ 65,807		\$ 65,807
94300 Ordinary Maintenance and Operations Contracts	\$ 85,669		\$ 85,669
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 36,134		\$ 36,134
94000 Total Maintenance	\$ 273,848	\$ -	\$ 273,848
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	\$ 69,593		\$ 69,593
96120 Liability Insurance			
96130 Workmen's Compensation	\$ 6,295		\$ 6,295
96140 All Other Insurance			
96100 Total insurance Premiums	\$ 75,888	\$ -	\$ 75,888

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Low Rent	Capital Fund	Total Project
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes	\$ 33,229		\$ 33,229
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other	\$ -		\$ -
96800 Severance Expense			
96000 Total Other General Expenses	\$ 33,229	\$ -	\$ 33,229
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	\$ 857,453	\$ -	\$ 857,453
97000 Excess of Operating Revenue over Operating Expenses	\$ (68,912)	\$ 201,973	\$ 133,061
97100 Extraordinary Maintenance	\$ 9,784	\$ 9,784	\$ 9,784
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$ 126,922	\$ -	\$ 126,922
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$ 994,159	\$ -	\$ 994,159

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Project Total	Subtotal	Total
10010 Operating Transfer In	\$ 201,973		\$ 201,973
10020 Operating transfer Out		\$ (201,973)	\$ (201,973)
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)	\$ 201,973	\$ (201,973)	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (3,645)	\$ 0	\$ (3,645)
11020 Required Annual Debt Principal Payments			
11030 Beginning Equity	\$ 1,027,904		\$ 1,027,904
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			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1260		
11210 Number of Unit Months Leased	1260		
11270 Excess Cash	\$ 127,536		
11610 Land Purchases	\$ -	\$ -	\$ -
11620 Building Purchases	\$ -	\$ -	\$ -
11630 Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ -	\$ -	\$ -
11650 Leasehold Improvements Purchases	\$ 32,194	\$ -	\$ 32,194
11660 Infrastructure Purchases	\$ -	\$ -	\$ -
13510 CFFP Debt Service Payments	\$ -	\$ -	\$ -
13901 Replacement Housing Factor Funds	\$ -	\$ -	\$ -

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

CAPITAL ASSETS

Capital asset activity for the GCHA for fiscal year ended June 30, 2020 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending</u> <u>Balance</u>
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Building Structures	7,281,640	-	-	7,281,640
Equipment	73,091	5,100	-	78,191
Improvements	<u>2,429,081</u>	<u>27,094</u>	<u>-</u>	<u>2,456,175</u>
	<u>\$ 9,798,812</u>	<u>\$ 32,194</u>	<u>\$ -</u>	<u>\$ 9,831,006</u>
Less: Accumulated Depreciation for:				
Building	\$ 6,834,506	\$ 66,883	\$ -	\$ 6,901,389
Equipment	59,273	3,375	-	62,648
Improvements	<u>2,126,212</u>	<u>56,664</u>	<u>-</u>	<u>2,182,876</u>
Total Accumulated Depreciation	<u>\$ 9,019,991</u>	<u>\$ 126,922</u>	<u>\$ -</u>	<u>\$ 9,146,913</u>
Total Capital Asset – Net	<u>\$ 778,821</u>			<u>\$ 684,093</u>

Depreciation expense for the fiscal year ended June 30, 2020 was \$126,922.

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
STATEMENTS OF INCOME AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Administrative</u>		
Postage	\$ 1,441	\$ 756
Telephone	12,706	11,956
Dues & Subscriptions	502	725
Office Supplies	3,381	2,878
Advertising	438	546
Legal	41,838	16,925
Accounting and Auditing	9,524	9,050
Computer Fees	13,438	13,381
Other Professional Services	51,143	26,244
Inspection & Other	19,361	16,362
Other	<u>3,576</u>	<u>1,218</u>
<u>Total Administrative</u>	<u>157,348</u>	<u>100,041</u>
 <u>Utilities</u>		
Water	\$ 38,812	\$ 36,819
Electricity	29,822	34,816
Gas	9,408	7,642
Sewer	<u>75,682</u>	<u>76,116</u>
<u>Total Utilities</u>	<u>\$ 153,724</u>	<u>\$ 155,392</u>
 <u>Ordinary Maintenance and Operations – Material</u>		
Electrical	\$ 1,993	\$ 2,271
Window Glass	1,739	5,527
HVAC Supplies	6,224	5,994
Carpentry	3,545	2,540
Plumbing	7,082	4,757
Masonry	4,257	3,659
Kitchen Equipment	5,032	2,795
Janitorial Supplies	2,122	2,051
Equipment and Tools	581	1,575
Grounds and Landscaping	1,350	6,490
Snow Removal	964	518
Paint and Decorating Supplies	2,641	2,086
Maintenance Supplies	4,712	-
Vehicle	472	4,118
Other Maintenance Expense	<u>23,093</u>	<u>31,117</u>
<u>Total Ordinary Maintenance and Operation-Material</u>	<u>\$ 65,807</u>	<u>\$ 75,498</u>

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
STATEMENTS OF INCOME AND EXPENSES (Cont'd)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Ordinary Maintenance, Operations, and Contract Cost</u>		
Elevator	\$ 8,867	\$ 7,152
Trash Removal	4,276	5,413
Heating and Air	-	-
Exterminating	5,572	8,223
Painting and Decorating	7,201	5,650
Grounds and Landscaping Contracts	12,414	-
Other Maintenance Contracts	<u>47,339</u>	<u>4,384</u>
<u>Total Ordinary Maintenance, Operations and Contract Cost</u>	<u>\$ 85,669</u>	<u>\$ 30,822</u>

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
SCHEDULE OF ACCOUNTS PAYABLE & ACCRUED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

<u>Accounts Payable</u>	
Connor Strong & Buckelew	\$ 62,420
Enviromental Resolutions, Inc.	21,500
Gloucester City Housing and Building	100
Gloucester Towne	2,044
Goodman Company LP	408
HD Supply Facilities Ltd.	1,113
Metro Carpet Cleaning	900
Orsini Landscaping and Deslign LLC	500
Otis Elevator Corp	523
PRD Management Inc.	4,812
Ray Worrick	120
Reno & Cavanaugh, PLLC	7,000
Voxnet	213
<u>Total Accounts Payable</u>	<u>\$ 101,653</u>

<u>Accrued Expenses</u>	
PSE&G - Electric	2,375
PSE&G - Gas	181
Wages/Taxes GCH - Accrued Salaries	7,095
Accrued Trash Expense	414
Joseph W. Bowley & Co., LLP - Audit	9,300
Real Estate Taxes	2,130
Accrued Deposit Refunds	552
Other Accrued Expenses	3,566
<u>Total Accrued Expenses</u>	<u>\$ 25,613</u>

GLOUCESTER CITY HOUSING AUTHORITY
SUPPLEMENTARY DATA
SUPPLEMENTARY DATA REQUIRED BY HUD
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Computation of Surplus Cash, Distributions, and Residual Receipts – Annual

FDS Line #		<u>2020</u>	<u>2019</u>
	Current Assets:		
111	Cash - Unrestricted	\$ 46,370	\$ 42,567
114	Cash - Tenants' Security Deposits	36,025	35,647
120	Tenant Accounts Receivable		
	Less: Allowance for Doubtful Accounts	<u>281,848</u>	<u>3,139</u>
	Total Current Assets	<u>364,243</u>	<u>81,353</u>
	Current Liabilities:		
312	Accounts Payable Due Within 90 Days	101,653	36,624
346	Accrued Liabilities	25,613	27,431
341	Tenants' Security Deposits Liability	36,025	35,647
345	Other Current Liability - Due to Tenants	-	-
342	Unearned Revenue - Tenant Rents	<u>1,962</u>	<u>1,486</u>
	Total Current Liabilities	<u>165,253</u>	<u>101,188</u>
969/12	Total Operating Expenses (857,453/12)	<u>71,454</u>	<u>61,224</u>
	Total Current Liabilities and Working Capital Minimum	<u>236,707</u>	<u>162,412</u>
	Surplus Cash (Deficiency)	<u>\$ 127,536</u>	<u>\$ (81,059)</u>

Joseph W. Bowley & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

- Joseph W. Bowley, CPA, Partner
- Jeffrey J. Bowley, CPA, MT
- Licensed in New Jersey & Pennsylvania

27 W. Church Street
Blackwood, New Jersey 08012
(856) 228-8006
Fax: (856) 228-3629

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

Board of Directors
Gloucester City Housing Authority, Inc.
Gloucester City, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gloucester City Housing Authority Inc., as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Gloucester City Housing Authority, Inc.'s basic financial statements, and have issued our report thereon dated October 2, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Joseph W. Bowley & Company, L.L.P.

Blackwood, New Jersey

October 2, 2020

GLOUCESTER CITY HOUSING AUTHORITY
Schedule of Findings, Questioned Costs and
Recommendations

None

GLOUCESTER CITY HOUSING AUTHORITY
MANAGEMENT AGENT'S CERTIFICATION

MANAGEMENT AGENT'S CERTIFICATION

We hereby certify that we have examined the accompanying financial statements and supplemental data of Gloucester City Housing Authority, Inc's HUD Project #NJ-39RD00009 to the best of our knowledge and belief; the same are accurate and complete.

Federal ID# 22-2158031



Signature of Management Agent's Representative

Title Chief Financial Officer - Managing Agent

PRD Management, Inc

Date October 26, 2020

GLOUCESTER CITY HOUSING AUTHORITY
HUD PROJECT NO NJ39-RD00009
CERTIFICATION OF PROJECT OWNER

We hereby certify that we have examined the accompanying financial statements and supplemental data of Gloucester City Housing Authority Inc., HUD Project No. NJ-39RD00009 to the best of our knowledge and belief, the same are accurate and complete.

Federal ID# 01-0554061

Officer: _____

Date: _____