

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2017

**WITH
REPORT OF INDEPENDENT AUDITORS**

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
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YEAR ENDED DECEMBER 31, 2017

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of
Housing Authority of the Township of Lakewood:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the discretely presented component unit of the Housing Authority of the Township of Lakewood (the "Authority") as of and for the year ended December 31, 2017, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the primary government and the discretely presented component unit of the Authority, as of December 31, 2017, and the changes in their net position and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 15 to the financial statements, certain errors that resulted in overstatements of amounts previously reported for notes receivable and net position as of December 31, 2016, were discovered by management of the Authority during the current year. Accordingly, net position as of December 31, 2016 has been restated to correct these errors. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also 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.

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

September 26, 2018
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

As Management of the Housing Authority of the Township of Lakewood (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A. Financial Highlights (Primary Government)

1. The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,011,604 (net position) as opposed to \$8,688,123 for the prior fiscal year.
2. At the close of the current fiscal year, the Authority reported ending unrestricted net position of \$2,817,696.
3. The Authority's unrestricted cash and cash equivalents and restricted cash balances at December 31, 2017 were \$4,186,324 representing a decrease of \$256,247 from the prior fiscal year.
4. The Authority had total operating revenues of \$15,266,413 and total operating expenses of \$15,034,931 for the year ended December 31, 2017.
5. The Authority's capital outlays for the fiscal year were \$7,714.
6. The Authority's expenditures of federal awards amounted to \$14,114,691 for the fiscal year.

B. Using the Annual Report

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

B. Using the Annual Report (continued)

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows presents relevant information about the Authority's cash receipts and cash payments during the year.

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 12 through 16 in this Report.

3. Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

B. Using the Annual Report (continued)

4. Supplemental Information

Accounting principles generally accepted in the United States of America require that a schedule of pension contributions and schedule of net pension liability be presented to supplement the basic financial statements.

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Expenditures of Federal Awards can be found on page 41 of this report.

The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

C. The Authority as a Whole (Primary Government)

The Authority's net position decreased during the fiscal year as detailed on the following page. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were sufficient to cover all expenses, excluding depreciation during the fiscal year.

By far, the largest portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services for its tenants consequently these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

C. The Authority as a Whole (Primary Government) (continued)

Computations of Net Position are as follows:

	12/31/2017	As of 12/31/2016
Cash and Other Current Assets	\$ 2,216,220	\$ 3,127,707
Restricted Cash	1,971,941	1,423,214
Notes Receivable	3,813,534	3,732,708
Capital Assets - Net	4,313,920	4,704,279
Deferred Outflows of Resources	948,365	1,256,703
Total Assets	13,263,980	14,244,611
Less: Total Liabilities	3,601,132	4,467,912
Deferred Inflows of Resources	651,244	1,088,576
Net Position	\$ 9,011,604	\$ 8,688,123
Net Investment in Capital Assets	\$ 4,313,920	\$ 4,704,279
Restricted Net Position	1,879,988	1,168,647
Unrestricted Net Position	2,817,696	2,815,197
Net Position	\$ 9,011,604	\$ 8,688,123

- Restricted cash increased \$548,727 primarily due to increases in the restriction of funds to Reserve for Repairs and Replacement in accordance with RAD agreements in 2017.
- Notes receivable increased \$80,826 due to accrued interest included in the note receivable balance.
- Total liabilities decreased \$866,780 along with deferred outflows of resources \$303,560 and deferred inflows of resources \$437,332 due to the Authority recording their unfunded net pension liability in FY 2017 as required by Government Accounting Standards Board Opinion No. 68 (GASB 68).
- Unrestricted net position increased \$2,499 primarily due to the Authority recording their unfunded net pension liability in FY 2017 as required by Government Accounting Standards Board Opinion No. 68 (GASB 68).

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

C. The Authority as a Whole (Primary Government) (continued)

Computations of Changes in Net Position are as follows:

	Year Ended	
	12/31/2017	12/31/2016
<u>Revenues</u>		
Tenant Revenues	\$ 754,841	\$ 747,721
HUD Operating Grants	14,212,039	12,875,271
Other Revenues	299,533	281,635
Total Operating Revenues	<u>15,266,413</u>	<u>13,904,627</u>
<u>Expenses</u>		
Other Operating Expenses	3,005,559	3,112,916
Housing Assistance Payments	11,631,299	11,421,640
Depreciation Expense	398,073	413,817
Total Operating Expenses	<u>15,034,931</u>	<u>14,948,373</u>
Operating Gain/(Loss)	<u>231,482</u>	<u>(1,043,746)</u>
<u>Non-Operating Revenues & Expenses</u>		
Interest on Investments	91,999	174,662
Interest Expense	-	(50,981)
HUD Capital Grants	-	147,125
Total Non-Operating Revenues	<u>91,999</u>	<u>270,806</u>
Change in Net Position	323,481	(772,940)
Net Position - Beginning of Year	8,688,123	9,461,063
Net Position - End of Year	<u>\$ 9,011,604</u>	<u>\$ 8,688,123</u>

- HUD operating grants increased \$1,336,768 from \$12,875,271 in fiscal year 2016 to \$14,212,039 in fiscal year 2017. This was primarily due to the Section 8 Housing Choice Voucher Program receiving \$2,426,734 in funding in FY 2017. These amounts were offset by a decrease of \$590,274 in Public Housing Capital Funds and \$746,133 in Public and Indian Housing Program Funds used for operations as part of the RAD Conversion.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

C. The Authority as a Whole (Primary Government) (continued)

- Administrative expenses increased \$8,357 primarily due to the recognition of \$155,219 of GASB 68 related pension costs as well as an increase in administrative salaries.
- Housing assistance payments ("HAP") expense increased from \$11,421,640 in fiscal year 2016 to \$11,631,299 in fiscal year 2017 or \$209,659. This increase in HAP expense can be attributable to the Authority having 198 more unit months under lease in FY 2017.

D. Budgetary Highlights

For the year ended December 31, 2017, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the increase of revenues over expenses, the Authority's net position increased during the fiscal year.

E. Capital Assets

As of December 31, 2017, the Authority's investment in capital assets, net of accumulated depreciation was \$4,313,920. This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased during the year totaled \$7,714, of which was purchased from operations.

Additional information on the Authority's capital assets can be found in the Notes to the Financial Statements, which is included in this Report.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

E. Capital Assets (continued)

The following table summarizes the change in capital assets as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Land	\$ 313,844	\$ 313,844	\$ -
Buildings and improvements	13,308,330	13,308,330	-
Furniture and equipment	216,591	208,877	7,714
Construction in progress	-	-	-
Total fixed assets	<u>13,517,207</u>	<u>13,831,051</u>	<u>115,868</u>
Less: accumulated depreciation	<u>9,524,845</u>	<u>9,126,772</u>	<u>398,073</u>
Net fixed assets	<u>\$ 4,313,920</u>	<u>\$ 4,704,279</u>	<u>\$ (390,359)</u>

F. Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending December 31, 2018:

1. The state of the economy.
2. The need for Congress to fund the war on terrorism and the continued cut-back of funding of federal programs.
3. The Authority's use of unrestricted reserves to offset the proration of subsidy from HUD. The Authority's unrestricted cash appears sufficient to cover any shortfall.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

G. 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 financial information should be addressed to Mary Jo Grauso, Executive Director, Housing Authority of the Township of Lakewood, 317 Sampson Avenue, Lakewood, NJ 08701.

FINANCIAL STATEMENTS

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017**

ASSETS

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Memorandum Only - Total Reporting Entity</u>
Current assets:			
Cash and cash equivalents	\$ 1,691,048	\$ 469,704	\$ 2,160,752
Tenant security deposits	-	53,631	53,631
Accrued interest receivable	1,185	-	1,185
Accounts receivable, net	521,841	11,665	533,506
Prepaid expenses	2,146	-	2,146
Inventories	-	38,550	38,550
	<u>2,216,220</u>	<u>573,550</u>	<u>2,789,770</u>
Non-current assets:			
Restricted cash	1,971,941	-	1,971,941
Notes receivable and accrued interest	3,813,534	-	3,813,534
Capital assets, net	4,313,920	-	4,313,920
	<u>10,099,395</u>	<u>-</u>	<u>10,099,395</u>
Total assets	<u>12,315,615</u>	<u>573,550</u>	<u>12,889,165</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>948,365</u>	<u>-</u>	<u>948,365</u>
Total assets and deferred outflows of resources	<u>\$ 13,263,980</u>	<u>\$ 573,550</u>	<u>\$ 13,837,530</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2017

LIABILITIES

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Memorandum Only - Total Reporting Entity</u>
Current liabilities:			
Accounts payable	\$ 129,918	\$ 517,835	\$ 647,753
Accrued expenses	46,934	-	46,934
Accrued compensated absences, current	8,790	-	8,790
Tenant security deposits	-	54,181	54,181
Prepaid rent	-	1,534	1,534
	<u>185,642</u>	<u>573,550</u>	<u>759,192</u>
Total current liabilities			
Non-current liabilities:			
Accrued compensated absences, non-current	79,111	-	79,111
Net pension liability	3,244,426	-	3,244,426
Other non-current liabilities	91,953	-	91,953
	<u>3,415,490</u>	<u>-</u>	<u>3,415,490</u>
Total non-current liabilities			
Total liabilities	<u>3,601,132</u>	<u>573,550</u>	<u>4,174,682</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>651,244</u>	<u>-</u>	<u>651,244</u>
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NET POSITION

Net position:			
Net investment in capital assets	4,313,920	-	4,313,920
Restricted	1,879,988	-	1,879,988
Unrestricted	2,817,696	-	2,817,696
	<u>9,011,604</u>	<u>-</u>	<u>9,011,604</u>
Total net position			
Total liabilities, deferred inflows of resources and net position	<u>\$ 13,263,980</u>	<u>\$ 573,550</u>	<u>\$ 13,837,530</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Primary Government	Discretely Presented Component Unit	Memorandum Only - Total Reporting Entity
Operating revenues:			
Tenant revenue	\$ 754,841	\$ -	\$ 754,841
HUD operating grants	14,212,039	-	14,212,039
Other revenues	<u>299,533</u>	<u>-</u>	<u>299,533</u>
Total operating revenues	<u>15,266,413</u>	<u>-</u>	<u>15,266,413</u>
Operating expenses:			
Administrative	1,770,779	-	1,770,779
Tenant services	66,676	-	66,676
Utilities	440,071	-	440,071
Ordinary repairs and maintenance	520,518	-	520,518
Protective services	70,435	-	70,435
General expenses	137,080	-	137,080
Housing assistance payments	11,631,299	-	11,631,299
Depreciation	<u>398,073</u>	<u>-</u>	<u>398,073</u>
Total operating expenses	<u>15,034,931</u>	<u>-</u>	<u>15,034,931</u>
Operating income	<u>231,482</u>	<u>-</u>	<u>231,482</u>
Non-operating revenues			
Investment income	<u>91,999</u>	<u>-</u>	<u>91,999</u>
Total non-operating revenues	<u>91,999</u>	<u>-</u>	<u>91,999</u>
Change in net position	323,481	-	323,481
Total net position, beginning of year	<u>11,199,772</u>	<u>-</u>	<u>11,199,772</u>
Prior period adjustment	(2,511,649)	-	(2,511,649)
Total net position, beginning of year (as restated)	<u>8,688,123</u>	<u>-</u>	<u>8,688,123</u>
Total net position, end of year	<u>\$ 9,011,604</u>	<u>\$ -</u>	<u>\$ 9,011,604</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Memorandum Only - Total Reporting Entity</u>
Cash Flows from Operating Activities:			
Cash received from tenants	\$ 627,956	\$ 50,712	\$ 678,668
Cash received from grantors	14,174,962	374,187	14,549,149
Cash paid to employees	(1,770,779)	-	(1,770,779)
Cash paid to vendors	<u>(13,667,696)</u>	<u>(49,048)</u>	<u>(13,716,744)</u>
Net cash provided by (used in) operating activities	<u>(635,557)</u>	<u>375,851</u>	<u>(259,706)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	<u>(7,714)</u>	<u>-</u>	<u>(7,714)</u>
Net cash used in capital and related financing activities	<u>(7,714)</u>	<u>-</u>	<u>(7,714)</u>
Cash Flows from Investing Activities			
Interest received on investments	<u>11,173</u>	<u>-</u>	<u>11,173</u>
Net cash provided by investing activities	<u>11,173</u>	<u>-</u>	<u>11,173</u>
Net increase (decrease) in cash and cash equivalents	(632,098)	375,851	(256,247)
Cash and cash equivalents, beginning of year	<u>4,295,087</u>	<u>147,484</u>	<u>4,442,571</u>
Cash and cash equivalents, end of year	<u>\$ 3,662,989</u>	<u>\$ 523,335</u>	<u>\$ 4,186,324</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position is as follows:			
Cash and cash equivalents	\$ 1,691,048	\$ 469,704	\$ 2,160,752
Tenant security deposits	-	53,631	53,631
Restricted cash	<u>1,971,941</u>	<u>-</u>	<u>1,971,941</u>
Cash and cash equivalents, end of year	<u>\$ 3,662,989</u>	<u>\$ 523,335</u>	<u>\$ 4,186,324</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF CASH FLOWS (continued)
YEAR ENDED DECEMBER 31, 2017

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Memorandum Only - Total Reporting Entity</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 231,482	\$ -	\$ 231,482
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	398,073	-	398,073
Changes in operating assets, liabilities, deferred outflows and deferred inflows of resources:			
Accounts receivable, net	(310,426)	(3,327)	(313,753)
Accrued interest receivable	(487)	-	(487)
Inventories	43,641	(38,550)	5,091
Prepaid expenses	(2,066)	-	(2,066)
Prepaid rents	-	110	110
Grants received in advance	(1,083,215)	-	(1,083,215)
Accounts payable	(1,605)	364,255	362,650
Tenant security deposits	(47,769)	53,363	5,594
Accrued expenses	2,656	-	2,656
Accrued compensated absences	8,181	-	8,181
Deferred inflows of resources	645,883	-	645,883
Deferred outflows of resources	308,338	-	308,338
Accrued pension liability	(794,224)	-	(794,224)
Other liabilities	(34,019)	-	(34,019)
Net cash provided by (used in) operating activities	<u>\$ (635,557)</u>	<u>\$ 375,851</u>	<u>\$ (259,706)</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the Township of Lakewood (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A: 12A-1, et. seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Township of Lakewood, New Jersey (the "Township"). The Authority is responsible for operating certain low-rent housing programs in the Township under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's Board of Commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Preparation of Financial Statements

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's 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.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). 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 of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Preparation of Financial Statements (continued)

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Voucher program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

The Authority adopted GASB 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, GASB 68 details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the application of the above criteria, this report includes all programs and activities operated by the Authority, including the following discretely presented component unit:

Affordable Housing Corporation of Lakewood

Affordable Housing Corporation of Lakewood (the "Organization") was incorporated under the laws of the State of New Jersey as a non-profit corporation on August 17, 2016. The Organization's purpose is to improve the quality of life for low and moderate income people (as defined by regulations promulgated by HUD or the New Jersey Council on Affordable Housing) by providing them with affordable housing and housing opportunities primarily through the administration of Housing Choice Vouchers. Currently, the Organization's only activity is the administration of the Authority's project based vouchers for which it does not charge a fee.

D. Description of Programs

Section 8 Housing Choice Voucher

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income households under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Mainstream Voucher

The Mainstream Voucher Program provides vouchers for low-income households that include a person(s) with disabilities. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Public and Indian Housing

The Public and Indian Housing Program is designed to provide low-cost housing within the Township. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program. During the year ended December 31, 2017, the Authority converted all of its Public and Indian Housing units to project based vouchers through HUD's Rental Assistance Demonstration Program.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Public Housing Capital Fund

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Shelter Plus Care Program

Shelter Plus Care is a program designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS or related diseases) and their families who are living in places not intended for human habitation (e.g. streets) or in emergency shelters.

Resident Opportunity and Supportive Services - Service Coordinators

The purpose of the Resident Opportunity and Supportive Services - Service Coordinators program is to address the needs of the public housing residents by provided service coordinator positions to coordinate supportive services, resident empowerment activities and/or assisting residents in becoming economically self-sufficient or age-in-place.

Business Activities Fund

The Business Activities Fund was created as part of the Rental Assistance Demonstration Program ("RAD"). RAD was created in order to give public housing authorities ("PHA") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% of their income towards rent. The former public housing units which were converted under the RAD program are contained in this non-federal fund.

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States, or the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities.

The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit, or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for 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 state and HUD requirements.

For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, accounts receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Furniture and Equipment 5 - 10 Years
- Buildings and Improvements 15 - 40 Years

The Authority has established a capitalization threshold of \$5,000.

K. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended December 31, 2017 there were no impairments losses incurred.

L. Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is carried at net realizable value and the Authority uses the first-in, first-out ("FIFO") flow assumption in determining cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used. If inventory falls below the cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. At December 31, 2017, inventory is shown net of an allowance for obsolescence of \$3,743.

M. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of numerous public housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property; the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Business Activities fund as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net to zero. In accordance with GASB 34, interprogram receivables and payables are eliminated for financial statement purposes.

O. Compensated Absences

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the net position date for which payment is probable. Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service based on the unused accrued leave. Employees may be compensated for sick leave at retirement or termination at 50% of accumulated sick time up to a maximum of \$15,000.

P. Prepaid Rent

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

Q. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided, as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

R. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Taxes

The Authority is a unit of local government under New Jersey law and is exempt from real estate, sales and income taxes.

T. Pensions

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

U. Economic Dependency

The Federal Programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

V. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - 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.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

W. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

Pursuant to N.J.S.A 40A:5A-10 and N.J.A.C. 5:31, the Authority is also required to submit an authority wide budget for each fiscal year to the Director of the Division of Local Government Services sixty (60) days prior to the end of the fiscal year.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund ("JIF").

The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the year ended December 31, 2017.

NOTE 2. CASH AND CASH EQUIVALENTS

As of December 31, 2017, the Authority had funds on deposit in checking, savings and money market accounts. The carrying amount of the Authority's cash and cash equivalents (including restricted cash) was \$4,186,324, and the bank balances approximated \$4,315,812.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Memorandum Only - Total Reporting Entity</u>
Unrestricted	\$ 1,691,048	\$ 469,704	\$ 2,160,752
Tenant security deposits	-	53,631	53,631
Restricted	<u>1,971,941</u>	<u>-</u>	<u>1,971,941</u>
Total cash and cash equivalents	<u>\$ 3,662,989</u>	<u>\$ 523,335</u>	<u>\$ 4,186,324</u>

Of the bank balances, \$760,692 was covered by federal depository insurance and the remaining \$3,555,120 was collateralized by GUDPA as of December 31, 2017.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2017, the Authority's bank balances were not exposed to custodial credit risk.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following at December 31, 2017:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Total Reporting Entity</u>
Accounts receivable - HUD	\$ 12,303	\$ -	\$ 12,303
Accounts receivable - tenants, net	-	6,348	6,348
Accounts receivable - other government	10,352	-	10,352
Accounts receivable - fraud recovery, net	47,452	4,751	52,203
Accounts receivable - miscellaneous	<u>451,734</u>	<u>566</u>	<u>452,300</u>
Total accounts receivable, net	<u>\$ 521,841</u>	<u>\$ 11,665</u>	<u>\$ 533,506</u>

Accounts Receivable - HUD

As of December 31, 2017, Accounts receivable - HUD consisted of amounts due from the Department of Housing and Urban Development. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$2,480.

Accounts Receivable - Other Government

Accounts receivable - other government represents amounts owed to the PHA by other federal agencies and state and local governments. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Fraud Recovery, Net

Accounts receivable - fraud recovery, net represents amounts owed from tenants or other program participants who committed fraud or mis-representation and now owe additional rent or retroactive rent. The amount is shown net of an allowance for doubtful accounts of \$60,515.

Accounts receivable - miscellaneous

Accounts receivable - miscellaneous consists of amounts owed to the primary government from the discretely presented component unit for the administration of project based vouchers (\$433,431) and for items such as late fees and key replacements. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

NOTE 4. NOTES RECEIVABLE

The Authority has utilized grants and other development funds in accordance with HUD guidelines to assist the Authority in its participation in RAD through the issuance of mortgage loans.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 4. NOTES RECEIVABLE (continued)

Outstanding notes receivable of the primary government as of December 31, 2017 consisted of the following:

<u>Description</u>	<u>Amount</u>
On September 11, 2015 the Authority entered a loan agreement in the amount of \$3,028,076 with Chambers Crescent, LLC in connection with the sale of Residential ERG Tax Credit Certificates related to the property located at 438 Cedar Bridge Avenue known as John F. Kennedy Apartments. The outstanding balance of \$30,281, bears interest at 2.82% per annum. Interest will accrue annually and all principal and accrued interest will be due on September 1, 2070. The loan is secured by a second mortgage.	\$ 30,281
On September 11, 2015 the Authority took back a seller's note from Chambers Crescent, LLC in connection with the sale of property and improvements known as John F. Kennedy Apartments. The loan, which totaled \$2,990,000, bears interest at 2.82% per annum. Interest will be paid annually beginning on September 1, 2016 and on each anniversary thereafter equal to forty percent (40%) of project cash flow. The loan is secured by a Third Mortgage and matures on September 1, 2070 whereby all unpaid interest and principal is due. At December 31, 2017 accrued interest on the loan totaled \$193,228.	3,183,228
On September 11, 2015 the Authority entered a loan agreement with Chambers Crescent, LLC. The loan, which totaled \$600,000, bears interest at 0.01% per annum. Payment of principal and interest is due in full on the maturity date which is 30 years from the date of commencement of amortization of the New Jersey Housing Mortgage Finance Agency mortgage. The loan is secured by the property. At December 31, 2017 accrued interest on the loan totaled \$25.	<u>600,025</u>
Total notes receivable and accrued interest	<u>\$ 3,813,534</u>

As of December 31, 2017, the current portion of notes receivable amounted to \$-0-.

NOTE 5. GROUND LEASE

On September 11, 2015, as part of the sale of John F. Apartments, the Authority entered into a ground lease agreement with the purchaser, Chambers Crescent LLC, to lease the parcel of land located at 438 Cedar Bridge Road, Lakewood, NJ. for a term of eighty (80) years. As part of the agreement, the lessee will pay all taxes and assessments associated with the property and \$72,000 per annum (\$6,000 monthly) in rent over the term of the lease.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 6. RESTRICTED DEPOSITS

As of December 31, 2017, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>	<u>Memorandum Only - Total Reporting Entity</u>
Housing assistance payments reserve	\$ 456,186	\$ -	\$ 456,186
Family Self Sufficiency program escrows	91,953	-	91,953
Reserve for replacements	1,423,802	-	1,423,802
Tenant security deposits	<u>-</u>	<u>53,631</u>	<u>53,631</u>
Total restricted deposits	<u>\$ 1,971,941</u>	<u>\$ 53,631</u>	<u>\$ 2,025,572</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Voucher Program for future housing assistance payments.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Section 8 Housing Choice Voucher Program by FSS program participants.

Reserve for replacement funds are required to be set aside for future project expenditures in accordance with the RAD Conversion Commitment.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 7. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets during the year ended December 31, 2017:

<u>Description</u>	<u>December 31, 2016</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>December 31, 2017</u>
<u>Non-depreciable:</u>					
Land	\$ <u>313,844</u>	\$ -	\$ -	\$ -	\$ <u>313,844</u>
<u>Depreciable:</u>					
Buildings and improvements	13,308,330	-	-	-	13,308,330
Furniture and equipment	<u>208,877</u>	<u>7,714</u>	-	-	<u>216,591</u>
Total	<u>13,517,207</u>	<u>7,714</u>	-	-	<u>13,524,921</u>
Less: accumulated depreciation	<u>9,126,772</u>	<u>398,073</u>	-	-	<u>9,524,845</u>
Net capital assets	<u>\$ 4,704,279</u>	<u>\$ (390,359)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,313,920</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 8. NON-CURRENT LIABILITIES

Non-current liabilities of the primary government as of December 31, 2017 consisted of the following:

Description	December 31, 2016	Additions	Payments	December 31, 2017	Amounts due within one Year
Compensated absences	\$ 79,720	\$ 129,766	\$ (121,585)	\$ 87,901	\$ 8,790
Net pension liability	4,038,650	-	(794,224)	3,244,426	-
Family self sufficiency escrows	<u>125,972</u>	<u>-</u>	<u>(34,019)</u>	<u>91,953</u>	<u>-</u>
Total long-term liabilities	<u>\$ 4,244,342</u>	<u>\$ 129,766</u>	<u>\$ (949,828)</u>	<u>\$ 3,424,280</u>	<u>\$ 8,790</u>

NOTE 9. ACCOUNTS PAYABLE

As of December 31, 2017, accounts payable consisted of the following:

Description	Primary Government	Discretely Presented Component Unit	Memorandum Only - Total Reporting Entity
Accounts payable - vendors	\$ 116,873	\$ 52,927	\$ 169,800
Accounts payable - HUD	742	-	742
Accounts payable - PHA projects	12,303	433,431	445,734
Accounts payable - other governments	<u>-</u>	<u>31,477</u>	<u>31,477</u>
Total accounts payable	<u>\$ 129,918</u>	<u>\$ 517,835</u>	<u>\$ 647,753</u>

Accounts Payable - Vendors

Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - HUD

As of December 31, 2017, accounts payable - HUD consisted of amounts payable to the Department of Housing and Urban Development.

Accounts Payable - PHA Projects

Accounts payable - PHA projects represents amounts due to the Authority from the discretely presented component unit for HAP Payments (\$433,431) and due to other PHAs under the portability provisions of the Section 8 Housing Choice Voucher Program.

Accounts Payable - Other Governments

Accounts payable - other governments represents amounts due and payable to other federal agencies and state and local governments.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 10. PENSION PLAN

A. Plan Description

The State of New Jersey Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report, which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

B. Benefits

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

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

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 10. PENSION PLAN (continued)

C. Contributions (continued)

The local employers' contribution amounts are based on the actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

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

At December 31, 2017, the Authority reported a liability of \$3,244,426, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2016, and rolled forward to June 30, 2017.

For the year ended December 31, 2017, the Authority recognized pension expense of \$155,219. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of Assumptions	\$ 653,640	\$ 651,244
Changes in Proportion	196,238	-
Differences between expected and actual experience	76,395	-
Net differences between actual and projected earnings on pension plan investments	22,092	-
Net differences between Proportionate Share and actual Contribution	<u>-</u>	<u>-</u>
Total	<u>\$ 948,365</u>	<u>\$ 651,244</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 10. PENSION PLAN (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	<u>Amount</u>
2018	\$ 224,944
2019	339,446
2020	205,687
2021	(273,564)
2022	<u>(199,392)</u>
	<u>\$ 297,121</u>

E. Actuarial Assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65 - 5.15% based on age
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 10. PENSION PLAN (continued)

F. Long-Term Expected Rate of Return

The long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

G. Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 10. PENSION PLAN (continued)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.00 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00 percent) or 1 percentage point higher (6.00 percent) than the current rate.

	1% Decrease <u>(4.00%)</u>	Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Authority's proportionate share of the net pension liability	\$ <u>4,024,931</u>	\$ <u>3,244,426</u>	\$ <u>2,594,169</u>

NOTE 11. POST-RETIREMENT BENEFITS

The Authority participates in New Jersey State Health Benefits Program (the "SHBP"), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB 45 *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

A retiree may also receive Authority-paid health benefits in accordance with labor agreements if they have twenty-five (25) or more years enrolled in the pension system.

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 of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis. The following were the required contributions:

<u>Year</u>	<u>Amount</u>
2017	\$ <u>229,985</u>
2016	\$ <u>232,646</u>
2015	\$ <u>229,331</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 12. PAYMENTS IN LIEU OF TAXES

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Township. Under the Cooperation Agreement, the Authority must pay the Township the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended December 31, 2017, PILOT expense of the primary government amounted to \$31,477.

NOTE 13. RESTRICTED NET POSITION

As of December 31, 2017, restricted net position of the primary government consisted of the following:

<u>Description</u>	<u>Amount</u>
Reserve for replacement	\$ 1,423,802
Housing assistance payment reserves	<u>456,186</u>
 Total restricted net position	 \$ <u>1,879,988</u>

Reserve for replacement funds are restricted for future project expenditures in accordance with the RAD Conversion Commitment.

Accumulated earnings in connection with the overpayment of housing assistance payments are restricted for rent payments to landlords as part of the Section 8 Housing Choice Voucher Program.

NOTE 14. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2017, the Authority estimates that no material liabilities will result from such audits other than what has been disclosed herein.

NOTE 15. PRIOR PERIOD ADJUSTMENT

The Authority's financial statements have been restated due to a correction of an error related to notes receivable that were incorrectly recorded in the prior years. As a result of the error, unrestricted net position and notes receivable have been decreased by \$2,511,649 as of December 31, 2016.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2017

NOTE 16. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through September 26, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



**NOVOGRADAC
& COMPANY LLP**
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners of
Housing Authority of the Township of Lakewood:

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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Housing Authority of the Township of Lakewood (the "Authority") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 26, 2018.

Internal Control Over Financial Reporting

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

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

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



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Compliance and Other Matters

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

September 26, 2018
Toms River, New Jersey

Novogradac & Company LLP



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF NEW JERSEY OMB CIRCULAR 15-08**

To the Board of Commissioners of
Housing Authority of the Township of Lakewood:

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Township of Lakewood's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the State of New Jersey OMB Circular 15-08 that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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Opinion on Each Major Federal and State Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

September 26, 2018
Toms River, New Jersey

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period		Grant Award	Fiscal Year Expenditures	Cumulative Expenditures
			From	To			
<u>U.S. Department of Housing and Urban Development</u>							
Housing Voucher Cluster	14.871	N/A	1/1/2017	12/31/2017	\$ 13,373,035	\$ 13,275,687	\$ 13,275,687
Section 8 Housing Choice Voucher	14.879	N/A	1/1/2017	12/31/2017	776,487	776,487	776,487
Mainstream Vouchers					14,149,522	14,052,174	14,052,174
Total Housing Voucher Cluster							
Public and Indian Housing	14.850	N/A	1/1/16	12/31/16	748,189	1,028	748,189
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	7/18/2016	1/31/2018	66,214	60,696	66,214
Shelter Plus Care	14.238	N/A	2/1/2012	1/31/18	44,519	793	44,519
Total U.S. Department of Housing and Urban Development					<u>\$ 15,008,444</u>	<u>\$ 14,114,691</u>	<u>\$ 14,911,096</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey OMB Circular 15-08. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, OMB Circular A-87 and the State of New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The Authority has not elected to use the ten percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 4. CAPITAL FUND PROGRAM COSTS AND ADVANCES

Capital Fund Grants No. NJ39P05450115 and NJ39P05450116 with an approved funding of \$328,526 and \$286,526, respectfully, have been fully drawn down and expended as per Capital Fund Grant Regulations.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|------------|
| 1. | Internal Control over compliance: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | No |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Voucher

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | No |

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED DECEMBER 31, 2017

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questions costs relating to federal awards.

IV. Summary of Prior Audit Findings

There were no findings or questioned costs in the prior year.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
REQUIRED PENSION INFORMATION
DECEMBER 31, 2017**

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS***

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Contractually required contribution	\$ 91,626	\$ 104,831	\$ 121,142	\$ 129,116
Contributions in relation to the contractually required contribution	<u>91,626</u>	<u>104,831</u>	<u>121,142</u>	<u>129,116</u>
(Over) / under funded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	<u>\$ 974,743</u>	<u>\$ 1,030,484</u>	<u>\$ 1,043,059</u>	<u>\$ 1,096,893</u>
Contributions as a percentage of covered- employee payroll	<u>9.40 %</u>	<u>10.17 %</u>	<u>11.61 %</u>	<u>11.77 %</u>

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

**HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
REQUIRED PENSION INFORMATION
DECEMBER 31, 2017**

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS***

	December 31, <u>2014</u>	December 31, <u>2015</u>	December 31, <u>2016</u>	December 31, <u>2017</u>
Authority's proportion of the net pension liability	<u>0.0127 %</u>	<u>0.0131 %</u>	<u>0.0136 %</u>	<u>0.0139 %</u>
Authority's proportionate share of the net pension liability	\$ <u>2,380,831</u>	\$ <u>2,947,610</u>	\$ <u>4,038,650</u>	\$ <u>3,244,426</u>
Authority's covered-employee payroll	\$ <u>974,743</u>	\$ <u>1,030,484</u>	\$ <u>1,043,059</u>	\$ <u>1,096,893</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>244.25 %</u>	<u>286.04 %</u>	<u>387.19 %</u>	<u>295.78 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.08 %</u>	<u>47.93 %</u>	<u>40.14 %</u>	<u>48.10 %</u>

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

Lakewood Housing Authority								
NJ054								
Financial Data Schedule (FDS)								
December 31, 2017								
Line Item #		Account Description	Projects	Housing Choice Vouchers	Mainstream Vouchers	Component Unit - Discretely Presented		
		ASSETS:						
		CURRENT ASSETS:						
		Cash:						
111		Cash - unrestricted	\$ -	\$ 1,240,905	\$ -	\$ 469,704		
112		Cash - restricted - modernization and development	-	-	-	-		
113		Cash - other restricted	-	548,139	-	-		
114		Cash - tenant security deposit	-	-	-	53,631		
115		Cash - restricted for payment of current liability	-	-	-	-		
100		Total cash	-	1,789,044	-	523,335		
		Accounts and notes receivables						
121		Accounts receivable - PHA project	-	-	-	-		
122		Accounts receivable - HUD other project	-	-	12,303	-		
124		Accounts receivable - other government	-	4,935	-	-		
125		Accounts receivable - miscellaneous	-	12,303	-	566		
126		Accounts receivable- tenants	-	-	-	-		
126.1		Allowance for doubtful accounts - tenant	-	-	-	(2,480)		
126.2		Allowance for doubtful accounts - other	-	-	-	-		
127		Notes and mortgages receivable- current	-	-	-	-		
128		Fraud recovery	-	107,967	-	4,751		
128.1		Allowance for doubtful accounts - fraud	-	(60,515)	-	-		
129		Accrued interest receivable	-	1,183	-	-		
120		Total receivables, net of allowances for doubtful account	-	65,875	12,303	11,665		
		Current investments						
131		Investments - unrestricted	-	-	-	-		
132		Investments - restricted	-	-	-	-		
135		Investments - restricted for payment of current liability	-	-	-	-		
142		Prepaid expenses and other asset	-	-	-	-		
143		Inventories	-	-	-	42,293		
143.1		Allowance for obsolete inventory	-	-	-	(3,743)		
144		Intorprogram - due from	-	-	-	-		
145		Assets held for sale	-	-	-	-		
150		TOTAL CURRENT ASSETS	-	1,854,919	12,303	573,530		
		NONCURRENT ASSETS:						
		Fixed assets:						
161		Land	-	-	-	-		
162		Buildings	-	-	-	-		
163		Furniture, equipment & machinery - dwelling	-	-	-	-		
164		Furniture, equipment & machinery - administration	-	2,865	-	-		
165		Leasehold improvements	-	-	-	-		
166		Accumulated depreciation	-	(2,865)	-	-		
167		Construction in Progress	-	-	-	-		
168		Infrastructure	-	-	-	-		
160		Total fixed assets, net of accumulated depreciation	-	-	-	-		
		Other non-current assets:						
171		Notes and mortgages receivable - non-current	-	-	-	-		
172		Notes and mortgages receivable-non-current - past due	-	-	-	-		
174		Other assets	-	-	-	-		
175		Undistributed debits	-	-	-	-		
176		Investment in joint venture	-	-	-	-		
180		TOTAL NONCURRENT ASSETS	-	-	-	-		
200		Deferred Outflow of Resources	-	454,381	-	-		
250		TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	\$ -	\$ 2,309,300	\$ 12,303	\$ 573,530		

Lakewood Housing Authority					
NJ054					
Financial Data Schedule (FDS)					
December 31, 2017					
Line Item #	Account Description	Projects	Housing Choice Vouchers	Mainstream Vouchers	Component Unit - Discretely Presented
LIABILITIES AND EQUITY:					
Liabilities:					
Current Liabilities:					
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	104,109	-	52,927
313	Accounts payable > 90 days past due	-	-	-	-
321	Accrued wage/payroll taxes payable	-	28,006	-	-
322	Accrued compensated absences - current portion	-	6,180	-	-
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	-	-	-
331	Accounts payable - HUD PHA program	-	742	-	-
332	Accounts payable - PHA project	-	-	12,303	433,431
333	Accounts payable - other government	-	-	-	31,477
341	Tenant security deposits	-	-	-	54,181
342	Unearned revenue	-	-	-	1,534
343	Current portion of L-T debt - capital projects	-	-	-	-
344	Current portion of L-T debt - operating borrowing	-	-	-	-
345	Other current liabilities	-	-	-	-
346	Accrued liabilities - other	-	-	-	-
347	Interprogram - due to	-	-	-	-
310	TOTAL CURRENT LIABILITIES	-	139,637	12,303	573,550
NONCURRENT LIABILITIES:					
351	Long-term debt, net of current - capital project	-	-	-	-
352	Long-term debt, net of current - operating borrowing	-	-	-	-
353	Non-current liabilities - other	-	91,953	-	-
354	Accrued compensated absences - noncurrent	-	55,619	-	-
355	Loan Liability - Non Current	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-
357	Accrued pension and OPEB liabilities	-	1,412,651	-	-
350	TOTAL NONCURRENT LIABILITIES	-	1,560,223	-	-
300	TOTAL LIABILITIES	-	1,699,860	12,303	573,550
400	Deferred Inflow of Resources	-	458,590	-	-
EQUITY:					
508.1	Invested in Capital Assets, Net of Related Debt	-	-	-	-
511.1	Restricted Net Assets	-	456,186	-	-
512.1	Unrestricted Net Assets	-	(304,736)	-	-
513	TOTAL EQUITY	-	151,450	-	-
600	TOTAL LIABILITIES AND EQUITY	\$ -	\$ 2,309,300	\$ 12,303	\$ 573,550
Proof of concept					

Lakewood Housing Authority						
NJ054						
Financial Data Schedule (FDS)						
December 31, 2017						
Line Item #	Account Description	Business Activities	Shelter Plus Care	Resident Opportunity and Supportive Services	Elimination	Total
ASSETS:						
CURRENT ASSETS:						
Cash:						
111	Cash - unrestricted	\$ 450,143	\$ -	\$ -	\$ -	\$ 2,160,752
112	Cash - restricted - modernization and developmen	-	-	-	-	-
113	Cash - other restricted	1,423,802	-	-	-	1,971,941
114	Cash - tenant security deposits	-	-	-	-	53,631
115	Cash - restricted for payment of current liability	-	-	-	-	-
100	Total cash	1,873,945	-	-	-	4,186,324
Accounts and notes receivables						
121	Accounts receivable - PHA project	-	-	-	-	-
122	Accounts receivable - HUD other project	-	-	-	-	12,303
124	Accounts receivable - other government	5,417	-	-	-	10,352
125	Accounts receivable - miscellaneous	439,431	-	-	-	452,300
126	Accounts receivable- tenant	-	-	-	-	8,828
126.1	Allowance for doubtful accounts - tenant	-	-	-	-	(2,480)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	112,718
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	(60,515)
129	Accrued interest receivable	-	-	-	-	1,185
120	Total receivables, net of allowances for doubtful account	444,848	-	-	-	534,691
Current investments						
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	2,146	-	-	-	2,146
143	Inventories	-	-	-	-	42,293
143.1	Allowance for obsolete inventories	-	-	-	-	(3,743)
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	TOTAL CURRENT ASSETS	2,320,939	-	-	-	4,761,711
NONCURRENT ASSETS:						
Fixed assets:						
161	Land	313,844	-	-	-	313,844
162	Buildings	12,854,851	-	-	-	12,854,851
163	Furniture, equipment & machinery - dwelling	-	-	-	-	-
164	Furniture, equipment & machinery - administration	213,726	-	-	-	216,591
165	Leasehold improvement	453,479	-	-	-	453,479
166	Accumulated depreciation	(9,521,980)	-	-	-	(9,524,845)
167	Construction in Progress	-	-	-	-	-
168	Infrastructure	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	4,313,920	-	-	-	4,313,920
Other non-current assets						
171	Notes and mortgages receivable - non-current	3,813,534	-	-	-	3,813,534
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
174	Other assets	-	-	-	-	-
175	Undistributed debits	-	-	-	-	-
176	Investment in joint venture	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	8,127,454	-	-	-	8,127,454
200	Deferred Outflow of Resources	493,984	-	-	-	948,365
290	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	\$ 10,942,377	\$ -	\$ -	\$ -	\$ 13,817,530

Lakewood Housing Authority						
NJ054						
Financial Data Schedule (FDS)						
December 31, 2017						
Line Item #	Account Description	Business Activities	Shelter Plus Care	Resident Opportunity and Supportive Services	Elimination	Total
LIABILITIES AND EQUITY:						
Liabilities:						
Current Liabilities:						
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	12,764	-	-	-	169,800
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	18,928	-	-	-	46,954
322	Accrued compensated absences - current portio	2,610	-	-	-	8,790
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	742
332	Accounts payable - PHA projects	-	-	-	-	445,734
333	Accounts payable - other government	-	-	-	-	31,477
341	Tenant security deposit	-	-	-	-	54,181
342	Unearned revenue	-	-	-	-	1,534
343	Current portion of L-T debt - capital project	-	-	-	-	-
344	Current portion of L-T debt - operating borrowing	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	34,302	-	-	-	759,192
NONCURRENT LIABILITIES:						
351	Long-term debt, net of current - capital project	-	-	-	-	-
352	Long-term debt, net of current - operating borrowing	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	91,953
354	Accrued compensated absences - noncurrent	23,492	-	-	-	79,111
355	Loan Liability - Non Current	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	1,831,775	-	-	-	3,244,426
350	TOTAL NONCURRENT LIABILITIES	1,855,267	-	-	-	3,415,490
300	TOTAL LIABILITIES	1,889,569	-	-	-	4,174,682
400	Deferred Inflow of Resources	192,654	-	-	-	651,244
EQUITY:						
508.1	Invested in Capital Assets, Net of Related Debt	4,313,920	-	-	-	4,313,920
511.1	Restricted Net Assets	1,423,802	-	-	-	1,879,988
512.1	Unrestricted Net Assets	3,122,432	-	-	-	2,817,696
513	TOTAL EQUITY	8,860,154	-	-	-	9,011,604
600	TOTAL LIABILITIES AND EQUITY	\$ 10,942,377	\$ -	\$ -	\$ -	\$ 13,837,530
Proof of concept						

Lakewood Housing Authority						
NJ054						
Financial Data Schedule (FDS)						
December 31, 2017						
Line Item #	Account Description	Operating Fund	Capital Fund	Section 8 Housing Choice Vouchers	Mainstream Vouchers	Discretely Presented Component Unit
REVENUE:						
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	-	-	-	-	-
70500	Total tenant revenue	-	-	-	-	-
76600	FED HIA grants	1,028	-	13,373,035	776,487	-
76610	Capital grants	-	-	-	-	-
72800	Other government grants	-	-	-	-	-
71100	Investment income - unrestricted	-	-	6,739	-	-
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	-	41,074	-	-
71500	Other revenue	-	-	71,563	-	-
71600	Gain or loss on sale of fixed assets	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	TOTAL REVENUE	1,028	-	13,492,411	776,487	-
EXPENSES:						
Administrative						
91100	Administrative salaries	-	-	632,960	39,277	-
91200	Auditing fees	-	-	7,069	451	-
91300	Outside management fees	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-
91500	Employee benefit contributions- administrative	-	-	488,130	18,681	-
91600	Office expenses	-	-	76,240	4,865	-
91700	Legal expenses	-	-	15,694	1,002	-
91800	Travel	-	-	280	18	-
91810	Allocated overhead	-	-	-	-	-
91900	Other	-	-	12,952	827	-
	Total administrative	-	-	1,233,325	65,131	-
92000	Asset Management Fee	-	-	-	-	-
Tenant services						
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-
	Total tenant services	-	-	-	-	-
Utilities						
93100	Water	-	-	-	-	-
93200	Electricity	-	-	-	-	-
93300	Gas	-	-	-	-	-
93400	Fuel	-	-	-	-	-
93500	Labor	-	-	-	-	-
93600	Sewer	-	-	-	-	-
93700	Employee benefit contributions- utilities	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-
	Total utilities	-	-	-	-	-
Ordinary maintenance & operation						
94100	Ordinary maintenance and operations - labor	-	-	-	-	-
94200	Ordinary maintenance and operations - materials & other	-	-	-	-	-
94300	Ordinary maintenance and operations - contract costs	-	-	-	-	-
94500	Employee benefit contributions- ordinary maintenance	-	-	-	-	-
	Total ordinary maintenance	-	-	-	-	-
Protective services						
95100	Protective services - labor	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-
	Total protective services	-	-	-	-	-

Lakewood Housing Authority						
NJ054						
Financial Data Schedule (FDS)						
December 31, 2017						
Line Item #	Account Description	Operating Fund	Capital Fund	Section 8 Housing Choice Vouchers	Mainstream Vouchers	Discretely Presented Component Unit
	General expenses					
96100	Insurance premiums	-	-	14,033	896	-
96300	Other general expenses	-	-	10,544	-	-
96210	Compensated absences	-	-	17,623	-	-
96300	Payments in lieu of taxes	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt - mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96700	Interest expense	-	-	-	-	-
96710	Amortization of bond issue costs	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
	Total general expenses	-	-	42,200	896	-
96900	TOTAL OPERATING EXPENSES	-	-	1,275,525	66,017	-
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	1,028	-	12,216,886	710,470	-
97100	Extraordinary maintenance	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	12,000,162	710,470	-
97350	IIAP Portability - in	-	-	-	-	-
97400	Depreciation expense	-	-	-	-	-
97500	Fraud losses	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
90000	TOTAL EXPENSES	-	-	13,275,687	776,487	-
	OTHER FINANCING SOURCES (USES)					
10010	Operating transfers in	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-
10091	Inter-Project excess cash transfer in	-	-	-	-	-
10092	Inter-Project excess cash transfer out	-	-	-	-	-
10093	Transfers between program and project in	-	-	-	-	-
10094	Transfers between program and project out	(10,971,842)	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	(10,971,842)	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(10,970,814)	-	216,724	-	-
	MEMO ACCOUNT INFORMATION:					
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning equity	10,970,814	-	(65,274)	-	-
11040	Prior period adjustments and equity transfers	-	-	-	-	-
11120	Administrative fee equity	-	-	(193,706)	-	-
11180	Housing assistance payments equity	-	-	456,186	-	-
11190	Unit months available	-	-	12,828	816	-
11210	Number of unit months leased	-	-	12,544	816	-
	Entity Roll Forward Test:					
	Calculation from R/E Statement	\$ -	\$ -	\$ 151,450	\$ -	\$ -
	B/S Line 513	\$ -	\$ -	\$ 151,450	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -

Lakewood Housing Authority						
NJ054						
Financial Data Schedule (FDS)						
December 31, 2017						
Line Item #	Account Description	Business Activities	Shelter Plus Care	Resident Opportunity and Supportive Services	Elimination	TOTAL
REVENUE:						
70300	Net tenant rental revenue	\$ 754,841	\$ -	\$ -	\$ -	\$ 754,841
70400	Tenant revenue - other	-	-	-	-	-
70500	Total tenant revenue	754,841	-	-	-	754,841
70600	FUDJ/FILA grants	-	793	60,696	-	14,212,039
70610	Capital grants	-	-	-	-	-
70800	Other government grants	1,080,126	-	-	(1,080,126)	-
71100	Investment income - unrestricted	7	-	-	-	6,746
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	41,074
71500	Other revenue	186,896	-	-	-	258,459
71600	Gain or loss on sale of fixed assets	-	-	-	-	-
72000	Investment income - restricted	85,253	-	-	-	85,253
70000	TOTAL REVENUE	2,107,123	793	60,696	(1,080,126)	15,358,412
EXPENSES:						
Administrative						
91100	Administrative salaries	251,913	-	-	-	924,150
91200	Auditing fees	3,260	-	-	-	10,780
91300	Outside management fees	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-
91500	Employee benefit contributions- administrative	107,542	-	-	-	614,353
91600	Office expenses	75,798	-	-	-	156,903
91700	Legal expenses	21,400	-	-	-	38,096
91800	Travel	3,222	-	-	-	3,520
91810	Allocated overhead	-	-	-	-	-
91900	Other	9,198	-	-	-	22,977
	Total administrative	472,333	-	-	-	1,770,729
92000	Asset Management Fee	-	-	-	-	-
Tenant services						
92100	Tenant services - salaries	-	-	50,160	-	50,160
92200	Relocation costs	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	10,536	-	10,536
92400	Tenant services - other	5,980	-	-	-	5,980
	Total tenant services	5,980	-	60,696	-	66,676
Utilities						
93100	Water	106,564	-	-	-	106,564
93200	Electricity	113,822	-	-	-	113,822
93300	Gas	145,909	-	-	-	145,909
93400	Fuel	-	-	-	-	-
93500	Labor	53,647	-	-	-	53,647
93600	Sewer	-	-	-	-	-
93700	Employee benefit contributions- utilities	20,129	-	-	-	20,129
93800	Other utilities expense	-	-	-	-	-
	Total utilities	440,071	-	-	-	440,071
Ordinary maintenance & operation						
94100	Ordinary maintenance and operations - labor	125,176	-	-	-	125,176
94200	Ordinary maintenance and operations - materials & other	85,188	-	-	-	85,188
94300	Ordinary maintenance and operations - contract costs	257,257	-	-	-	257,257
94500	Employee benefit contributions- ordinary maintenance	52,897	-	-	-	52,897
	Total ordinary maintenance	520,518	-	-	-	520,518
Protective services						
95100	Protective services - labor	-	-	-	-	-
95200	Protective services- other contract costs	59,746	-	-	-	59,746
95300	Protective services - other	10,689	-	-	-	10,689
95500	Employee benefit contributions- protective services	-	-	-	-	-
	Total protective services	70,435	-	-	-	70,435

Lakewood Housing Authority						
NJ054						
Financial Data Schedule (FDS)						
December 31, 2017						
Line Item #	Account Description	Business Activities	Shelter Plus Care	Resident Opportunity and Supportive Services	Elimination	TOTAL
	General expenses					
96100	Insurance premiums	59,714	-	-	-	74,643
96200	Other general expenses	-	-	-	-	10,544
96210	Compensated absences	-	-	-	-	17,623
96300	Payments in lieu of taxes	31,477	-	-	-	31,477
96400	Bad debt - tenant rents	2,793	-	-	-	2,793
96500	Bad debt - mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96700	Interest expense	-	-	-	-	-
96710	Amortization of bond issue costs	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
	Total general expenses	93,984	-	-	-	137,080
96900	TOTAL OPERATING EXPENSES	1,603,321	-	60,696	-	3,005,559
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	503,802	793	-	(1,080,126)	12,352,853
97100	Extraordinary assistance	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-
97300	Housing assistance payments	-	793	-	(1,080,126)	11,651,399
97330	HAP Portability - in	-	-	-	-	-
97400	Depreciation expense	398,073	-	-	-	398,073
97500	Fraud losses	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
98000	TOTAL EXPENSES	2,001,394	793	60,696	(1,080,126)	15,034,931
	OTHER FINANCING SOURCES (USES)					
10010	Operating transfers in	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-
10091	Inter Project excess cash transfer in	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-
10093	Transfers between program and project in	10,971,842	-	-	(10,971,842)	-
10094	Transfers between program and project out	-	-	-	10,971,842	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	10,971,842	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	11,077,571	-	-	-	323,481
	MEMO ACCOUNT INFORMATION:					
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning equity	294,232	-	-	-	11,199,772
11040	Prior period adjustments and equity transfers	(2,511,649)	-	-	-	(2,511,649)
11170	Administrative fee equity	-	-	-	-	(193,796)
11180	Housing assistance payments equity	-	-	-	-	456,186
11190	Unit months available	2,460	1	-	-	16,105
11210	Number of unit months leased	2,420	1	-	-	15,781
	Equity Roll Forward Test:					
	Calculation from R/E Statement	\$ 8,860,154	\$ -	\$ -	\$ -	\$ 9,011,604
	B/S Line 513	\$ 8,860,154	\$ -	\$ -	\$ -	\$ 9,011,604
		\$ -	\$ -	\$ -	\$ -	\$ -