

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
(A Component Unit of Haddon Township, State of New Jersey)

Financial Statements and Supplementary Schedules

For the years ended December 31, 2011 and 2010

(With Independent Auditors' Report thereon)

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
(A Component Unit of Haddon Township, State of New Jersey)
Financial Statements and Supplementary Schedules
December 31, 2011 and 2010

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Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the Township of Haddon

We have audited the accompanying financial statements of the Housing Authority of the Township of Haddon (herein referred to as "the Authority") as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Housing Authority of the Township of Haddon, as of December 31, 2011 and 2010, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 24, respectively, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Housing Authority of the Township of Haddon taken as a whole. The Financial Data Schedule on pages 21 through 23 and schedule of expenditures of federal awards on page 29 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Financial Data schedule and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

HOLMAN & FRENIA, P.C.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

March 7, 2012
Medford, New Jersey

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Management's Discussion and Analysis
December 31, 2011

As management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2011. This narrative and analysis is intended to provide context and support to the financial statements provided in this report.

Using the Annual Report

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 generally accepted accounting principles applicable to governmental entities in the United States of America for Proprietary Funds.

Financial Statements

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

The Statement of Net Assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets serves 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 Assets presents information showing how the Authority's net assets changed during the most recent year. All changes in net assets 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 (e.g. depreciation and earned but unused vacation time).

The financial statements report on the Authority's activities. The activities are primarily supported by subsidies and grants from the United States Department of Housing and Urban Development. The Authority's function is to provide decent, safe and sanitary housing to lower income individuals who are 62 years old and older.

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 general purpose financial statements. They appear in this report after the basic financial statements.

Budgetary Highlights

For the year ended December 31, 2011, individual program and grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The Authority prepared two budgets, one to be submitted to the local HUD office and the other to the Bureau of Authority Regulation, Department of Community Affairs. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

Financial Highlights

- As of the close of the year, the Authority reported unrestricted net assets of \$448,389 compared to \$342,286 at the close of the prior year.
- Rent revenue from tenant for the year was \$391,421 compared to \$367,800 for the prior year.
- Operating expenses for the year were \$717,688 compared to \$649,793 for the prior year.
- The total HUD PHA operating grant for the year ended December 31, 2011 was \$281,880 compared to \$312,336 for the prior year.

Computation of net assets at December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>% Change</u>
Cash and other current assets	\$ 762,220	\$ 658,320	\$ 103,900	15.78%
Capital assets, net	<u>1,353,295</u>	<u>1,144,947</u>	<u>208,348</u>	<u>18.20%</u>
Total assets	2,115,515	1,803,267	312,248	17.32%
Current liabilities	291,576	315,439	(23,863)	-7.57%
Long-term liabilities	<u>22,255</u>	<u>595</u>	<u>21,660</u>	<u>36.40%</u>
Total liabilities	313,831	316,034	(2,203)	-.70%
Invested in capital assets	1,353,295	1,144,947	208,348	18.20%
Unrestricted net assets	<u>448,389</u>	<u>342,286</u>	<u>106,103</u>	<u>31.00%</u>
Total net assets	<u>\$ 1,801,684</u>	<u>\$ 1,487,233</u>	<u>\$ 314,451</u>	<u>21.14%</u>

A summary of the Statements of Revenues, Expenses and Changes in Net Assets is analyzed on the following page.

	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>% Change</u>
OPERATING REVENUES				
Tenant rents	\$ 391,421	\$ 367,800	\$ 23,621	6.42%
HUD PHA operating grant	281,880	312,336	(30,456)	-9.75%
Other	<u>97,286</u>	<u>97,251</u>	<u>35</u>	<u>.04%</u>
Total operating revenues	770,587	777,387	(6,800)	-8.75%
OPERATING EXPENSES				
Administrative	186,258	182,449	3,809	2.09%
Tenant services	3,824	3,449	375	10.87%
Utilities	236,826	210,266	26,560	12.63%
Maintenance and operation	172,158	149,066	23,092	15.49%
General expenses	63,965	52,743	11,222	21.28%
Depreciation	<u>54,657</u>	<u>51,820</u>	<u>2,837</u>	<u>5.47%</u>
Total operating expenses	<u>717,688</u>	<u>649,793</u>	<u>67,895</u>	<u>10.45%</u>
Operating income	52,899	127,594	(74,695)	-58.54%
NON-OPERATING REVENUES/(EXPENSES)				
Interest income	6,117	916	5,201	567.79%
Capital grants	<u>255,435</u>	<u>33,031</u>	<u>222,404</u>	<u>673.32%</u>
Total non-operating revenues/(expenses)	<u>261,552</u>	<u>33,947</u>	<u>227,605</u>	<u>670.47%</u>
Change in net assets	314,451	161,541	152,910	94.66%
Net assets, beginning of year	<u>1,487,233</u>	<u>1,325,692</u>	<u>161,541</u>	<u>12.19%</u>
Net assets, end of year	<u>\$ 1,801,684</u>	<u>\$ 1,487,233</u>	<u>\$ 314,451</u>	<u>21.14%</u>

Total operating revenues of \$770,587 decreased \$6,800 or 8.75% compared to 2010 as increased tenant rents offset a drop in the HUD PHA operating grant.

Tenant rents of \$391,421 increased by \$23,621 or 6.42% compared to 2010, the HUD operating grant of \$281,880 decreased by \$30,456 or 9.75% compared to 2010, and other revenue (primarily cell tower rental income) of \$97,286 increased \$35 or .04% compared to 2010.

Total operating expenses of \$717,688 increased \$67,895 or 10.45% compared to 2010 due to increases in utilities and maintenance and operation expenses.

Utilities of \$236,826 increased \$26,560 or 6.75% compared to 2010 due to increases in gas and water expense.

Maintenance and operation expense of \$172,158 increased \$23,092 or 15.49% compared to 2010 due to increased contract costs.

Building occupancy levels were at or near capacity throughout 2011 and 2010.

During 2011, grant funds of \$255,435 were spent for the replacement of the roof.

Capital Assets and Debt Administration

As of December 31, 2011, the Authority's capital assets net of accumulated depreciation were \$1,353,295.

The Authority had no long-term debt outstanding at December 31, 2011.

Economic Factors for the Current Year

The Authority has had an operating surplus for the past three years. This is the combination of sustained high occupancy, increased HUD operating grant subsidies and cost controls, including replacement of the boilers resulting in decreased utility expense. The Authority is committed to operating in an efficient manner while maintaining a suitable living environment for its tenants and maintaining a balanced financial position.

The Authority was awarded a score of 97 out of a possible 100 for the recently completed REAC evaluation.

The Authority was awarded a \$200,000 Block Grant in December 2011 from the State of New Jersey to be used to defray the cost of replacing the roof.

At its March 2012 meeting the Authority voted to lease cell tower space on its roof for \$421,000. The lease period covers 20 years ending in 2035.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Haddon Township Housing Authority, 25 Wynnewood Avenue, Haddon Township, New Jersey 08108.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Statements of Net Assets
December 31, 2011 and 2010

	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 762,220	\$ 545,984
Accounts receivable - PHA projects	-	112,336
Total current assets	762,220	658,320
Capital assets, net	1,353,295	1,144,947
Total assets	2,115,515	1,803,267
LIABILITIES		
Current liabilities:		
Accrued wages and payroll taxes	6,979	6,725
Accrued compensated absences, current	-	14,725
Tenant security deposits	29,971	27,012
Deferred revenue	225,358	240,384
Other accrued liabilities	29,268	26,593
Total current liabilities	291,576	315,439
Long-term liabilities:		
Accrued compensated absences, less current portion	22,255	595
Total liabilities	313,831	316,034
NET ASSETS		
Net assets:		
Invested in capital assets, net of related debt	1,353,295	1,144,947
Unrestricted	448,389	342,286
Total net assets	\$ 1,801,684	\$ 1,487,233

See independent auditors' report and accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Statements of Revenues, Expenses, and Changes in Net Assets
For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Tenant rental revenue	\$ 391,421	\$ 367,800
HUD operating grants	281,880	312,336
Other revenues	<u>97,286</u>	<u>97,251</u>
Total operating revenues	<u>770,587</u>	<u>777,387</u>
Operating expenses:		
Administrative	186,258	182,449
Tenant services	3,824	3,449
Utilities	236,826	210,266
Ordinary repairs and maintenance	172,158	149,066
General expenses	63,965	52,743
Depreciation	<u>54,657</u>	<u>51,820</u>
Total operating expenses	<u>717,688</u>	<u>649,793</u>
Operating income	<u>52,899</u>	<u>127,594</u>
Non-operating revenues:		
Investment income	<u>6,117</u>	<u>916</u>
Income before capital grants	<u>59,016</u>	<u>128,510</u>
Capital grants	<u>255,435</u>	<u>33,031</u>
Change in net assets	314,451	161,541
Net assets, beginning of year	<u>1,487,233</u>	<u>1,325,692</u>
Net assets, end of year	<u>\$ 1,801,684</u>	<u>\$ 1,487,233</u>

See independent auditors' report and accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Statements of Cash Flows
For the years ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from tenants	\$ 394,380	\$ 373,622
Cash received from HUD	394,216	302,041
Cash received from other sources	82,260	82,227
Cash paid to vendors	(462,107)	(435,723)
Cash paid to employees	(191,060)	(203,567)
Net cash flows from operating activities	217,689	118,600
Cash flows from capital activities:		
Purchases of capital assets	(263,005)	-
Proceeds from capital grants	255,435	-
Net cash flows from capital activities	(7,570)	-
Cash flows from investing activities:		
Interest received on investments	6,117	916
Net cash flows from investing activities	6,117	916
Net change in cash	216,236	119,516
Cash and cash equivalents, beginning of year	545,984	426,468
Cash and cash equivalents, end of year	\$ 762,220	\$ 545,984
Reconciliation to Statements of Net Assets:		
Cash and cash equivalents	\$ 762,220	\$ 545,984

See independent auditors' report and accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Statements of Cash Flows (continued)
For the years ended December 31, 2011 and 2010

	2011	2010
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 52,899	\$ 127,594
Items which did not use cash:		
Depreciation	54,657	51,820
Working capital changes which provided/(used) cash:		
Accounts receivable - tenants, net	-	5,689
Accounts receivable - PHA projects	112,336	(10,295)
Accounts payable	-	(3,200)
Accrued wages and payroll taxes	254	(6,464)
Accrued compensated absences	6,935	(957)
Tenant security deposits	2,959	133
Deferred revenue	(15,026)	(15,024)
Other accrued liabilities	2,675	(30,696)
Net cash flows from operating activities	\$ 217,689	\$ 118,600

See independent auditors' report and accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements
For the years ended December 31, 2011 and 2010

NOTE 1: ORGANIZATION AND PURPOSE

The Housing Authority of the Township of Haddon (the "Authority") is a governmental public housing agency located in the Township of Haddon (the "Township"), County of Camden, State of New Jersey. The Township is located in southwest New Jersey approximately five miles east of the City of Philadelphia, Pennsylvania. The Authority was organized on January 21, 1965 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 providing and operating cost-effective, decent, safe and sanitary dwellings for lower income individuals who are 62 years old or older through an authorized local public housing agency. The Authority is responsible for operating a low-rent housing program, consisting of 100 private dwelling units and several public areas for the tenants' social activities, 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, Public Law 93-383.42 U.S.C. 1439.

The Authority is governed by a board of seven commissioners. The officers of the Authority consist of a chairperson and vice chairperson elected from the board and an executive director who is appointed by the board. The executive director manages the day-to-day operations of the Authority. No commissioner is eligible to hold the position of executive director, except on a temporary basis with the approval of the United States Department of Housing and Urban Development.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

In accordance with Statement No. 39 of the Government Accounting Standards Board ("GASB"), the Authority's financial statements include those of the Authority and any component units. Component units are legally separate, tax-exempt organizations that meet all of the criteria noted below:

- The economic resources received by the separate organization are almost entirely for the direct benefit of the Authority,
- The Authority has the ability to access a majority of the economic resources held by the separate organization,
- The economic resources referred to above are significant to the Authority.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is considered a component unit of the Township of Haddon.

B. Basis of Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

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, liabilities, net assets (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 funds of the Authority are all considered Enterprise Funds that are used to account for activities that are operated in a manner similar to those found in the private sector.

All enterprise funds are 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 primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, 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.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities the Use Proprietary Fund Accounting*, the Authority has elected to apply all Financial Accounting Standards Board pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued that do not conflict with or contradict GASB Pronouncements.

C. Use of Management Estimates

The preparation of financial statements in conformity 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 and liabilities, 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, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

D. 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 of America or 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. See Note 4 for additional information on GUDPA.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

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 of America, 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 of America 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.

For the Statements 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 acquisition.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

E. Accounts Receivable - Tenants

Rents are due from tenants on the first day of each month. As a result, tenants' receivable balances primarily consist of rents past due and vacated tenants. 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.

F. Prepaid Expenses

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

G. Capital Assets

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

Equipment	7 years
Site improvements	15 years
Buildings	30 years

The Authority has established a capitalization threshold of \$1,000.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

Compensated absences represent amounts to which employees are entitled to 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 at the current salary. See Note 7 for a description of these circumstances.

I. Deferred Revenue

The Authority's deferred revenue primarily consists of the prepayment of lease space for cell towers, prepayment of rent by residents and the receipt of HUD and other program funding applicable to future periods.

J. 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 as non-operating.

K. Taxes

The Housing Authority of the Township of Haddon is exempt by statute from federal and state income taxes.

L. Equity Classifications

Equity is classified as net assets and displayed in three components as follows:

Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." This component includes net assets that may be allocated for specific purposes by the Board.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with the U.S. Department of Housing and Urban Development (HUD) and N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year with the approval of HUD. The budget is adopted on the accrual basis of accounting with provisions for cash payments for capital outlays. Depreciation expense is not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses, and Changes in Net Assets. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended.

N. Subsequent Events

Housing Authority of the Township of Haddon has evaluated subsequent events occurring after the Statement of Net Assets date through March 7, 2012, which is the date the financial statements were available to be issued.

NOTE 3: CASH AND CASH EQUIVALENTS

The Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2011 and 2010, and reported at fair value are as follows:

	<u>2011</u>	<u>2010</u>
Deposits:		
Demand deposits	\$ <u>762,220</u>	\$ <u>545,985</u>
Total deposits	\$ <u>762,220</u>	\$ <u>545,985</u>
Reconciliation to Statements of Net Assets:		
Cash and cash equivalents	\$ <u>762,220</u>	\$ <u>545,985</u>
Total	\$ <u>762,220</u>	\$ <u>545,985</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2011 and 2010

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2011 and 2010, the Authority's bank balances of \$772,677 and \$562,993 was insured or collateralized as follows:

	<u>2011</u>	<u>2010</u>
Insured	\$ 280,051	\$ 250,000
Collateralized in the Authority's name under GUDPA (See Note 4)	<u>492,626</u>	<u>312,993</u>
Total deposits	<u>\$ 772,677</u>	<u>\$ 562,993</u>

NOTE 4: GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA)

The Board has deposited cash in 2011 and 2010 with an approved public fund depository qualified under the provisions of the Governmental Unit Deposit Protection Act. In addition to savings and checking accounts, the Board invests monies in certificates of deposits. The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236 was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the six month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the six month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by the FDIC or any other U.S. agency, which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s), which, in aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2011 and 2010

NOTE 5: DEFERRED REVENUE

On September 29, 2006, the Authority agreed to lease their cell tower space to Wireless Capital Partners for 20 years for the lump sum payment of \$300,480. During 2011 and 2010, \$15,024 was realized as revenue. At December 31, 2011 and 2010, \$225,358 and \$240,384, respectively was deferred.

NOTE 6: 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 Haddon 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. For the year ended December 31, 2011 and 2010, the Authority incurred PILOT expenses in the amount of \$11,914 and \$16,690, respectively.

NOTE 7: COMPENSATED ABSENCES

A. Annual Leave

The employees of the Authority are entitled to annual leave based on length of service:

<u>Length of Service</u>	<u>Number of Days</u>
7 months - 1 year	5
2 years - 5 years	10
6 years -10 years	15
11 years - 20 years	20
21 years - and thereafter	25

Annual leave not taken by employees may be accumulated but cannot exceed 60 working days in addition to that accrued in the current calendar year. An employee who is permanently separated shall be paid in a lump sum for any accumulated annual leave at his/her current rate of pay, except where his/her dismissal is due to malfeasance. In no other event shall an employee be paid for annual leave not taken.

B. Sick Leave

Employees may be paid for leave taken because of illness or accident. Sick leave will accrue for regular full time employees at the rate of one day per month during the first year of employment and one and one-quarter days per month in every calendar year thereafter and shall accumulate from year to year. Sick leave for part time employees shall accrue at the same rate as that for full time employees, except that it shall be pro-rated on the basis of the percentage of the weekly hours actually worked during a scheduled week divided by 40 hours for maintenance personnel or 35 hours for staff personnel.

Sick leave may be accumulated indefinitely. In no event shall an employee be paid for sick leave not taken.

The total value of compensated absences at December 31, 2011 and 2010 were \$22,255 and \$15,320, respectively.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2011 and 2010

NOTE 8: PENSION PLAN

A. Plan Description

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan administered by Public Employees' Retirement System (PERS) of New Jersey, which is part of the Division of Pensions in the Department of Treasury, State of New Jersey. It provides retirement, disability, annual cost-of-living and death benefits to plan members and beneficiaries. The State administered funds were established by an Act of the State Legislature, which assigns the authority to establish and amend benefit provisions to the plan's board of trustees. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS.

B. Funding Status and Progress

Plan members are required to contribute 5.5% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Authority are established and may be amended by the plan's board of trustees. The Authority contributed \$17,454 and \$14,208 to PERS for the years ended December 31, 2011 and 2010, respectively.

NOTE 9: POST EMPLOYMENT BENEFITS

The Authority participates in the New Jersey State Health Benefits Program ("the SHBP"), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions" ("OPEB"). The SHBP is administered by the State of New Jersey, Department of the 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 a group rate) for themselves and their eligible dependents.

The State of New Jersey, Department of 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 Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295

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

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Notes to Financial Statements (continued)
For the years ended December 31, 2011 and 2010

NOTE 10: RISK MANAGEMENT

The Authority is a member of New Jersey Public Housing Authority Joint Insurance Fund. The Fund provides the Authority with Property - Blanket Building and Grounds, Boiler and Machinery, General and Automobile Liability, Workers Compensation, and Public Officials coverages. Contributions to the Fund, including a reserve for contingencies are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. The Authority's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$200,000 for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2011, which can be obtained from Public Entity Risk Management Administration Inc., Park 80 West, Plaza One, Saddle Brook, NJ 07663.

NOTE 11: ECONOMIC DEPENDENCY

The Low Rent Public Housing program is economically dependent on annual grants from the United States Department of Housing and Urban Development.

NOTE 12: 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 the 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, 2011, the Authority estimates that no material liabilities will result from such audits.

There is no ongoing litigation that could have an adverse impact regarding the Authority's financial condition.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON

Schedule I

Financial Data Schedule

For the year ended December 31, 2011

PHA: NJ064

Line Item No.	Account Description	Low Rent	Capital Fund	Total
111	Cash - Unrestricted	\$ 731,881	\$ -	\$ 731,881
114	Cash - Tenant Security Deposits	30,339	-	30,339
100	Total Cash	762,220	-	762,220
150	Total Current Assets	762,220	-	762,220
161	Land	170,304	-	170,304
162	Buildings	1,779,522	1,453,443	3,232,965
164	Furniture, Equipment & Machinery - Administration	11,424	-	11,424
166	Accumulated Depreciation	(1,769,147)	(292,251)	(2,061,398)
160	Total Capital Assets, Net of Accumulated Depreciation	192,103	1,161,192	1,353,295
180	Total Non-Current Assets	192,103	1,161,192	1,353,295
190	Total Assets	954,323	1,161,192	2,115,515
321	Accrued Wage/Payroll Taxes Payable	6,979	-	6,979
333	Accounts Payable - Other Government	17,268	-	17,268
341	Tenant Security Deposits	29,971	-	29,971
342	Deferred Revenues	225,358	-	225,358
346	Accrued Liabilities - Other	12,000	-	12,000
310	Total Current Liabilities	291,576	-	291,576
354	Accrued Compensated Absences - Non Current	22,255	-	22,255
350	Total Non-Current Liabilities	22,255	-	22,255
300	Total Liabilities	313,831	-	313,831
508.1	Invested In Capital Assets, Net of Related Debt	192,103	1,161,192	1,353,295
512.1	Unrestricted Net Assets	448,389	-	448,389
513	Total Equity/Net Assets	640,492	1,161,192	1,801,684
600	Total Liabilities and Equity/Net Assets	954,323	1,161,192	2,115,515

See independent auditors' report.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Financial Data Schedule
For the year ended December 31, 2011

Schedule I
(continued)

PHA: NJ064

Line Item No.	Account Description	Low Rent	Capital Fund	Total
70300	Net Tenant Rental Revenue	\$ 391,421	\$ -	\$ 391,421
70400	Tenant Revenue - Other	21,304	-	21,304
70500	Total Tenant Revenue	412,725	-	412,725
70600	HUD PHA Operating Grants	281,880	-	281,880
70610	Capital Grants	-	255,435	255,435
70700	Total Fee Revenue	281,880	255,435	537,315
71100	Investment Income - Unrestricted	6,117	-	6,117
71500	Other Revenue	75,982	-	75,982
70000	Total Revenue	776,704	255,435	1,032,139
91100	Administrative Salaries	114,218	-	114,218
91200	Auditing Fees	12,000	-	12,000
91400	Advertising and Marketing	510	-	510
91500	Employee Benefit contributions - Administrative	26,328	-	26,328
91600	Office Expenses	20,131	-	20,131
91700	Legal Expense	5,128	-	5,128
91800	Travel	813	-	813
91900	Other	7,130	-	7,130
91000	Total Operating - Administrative	186,258	-	186,258
92400	Tenant Services - Other	3,824	-	3,824
92500	Total Tenant Services	3,824	-	3,824
93100	Water	23,548	-	23,548
93200	Electricity	103,238	-	103,238
93300	Gas	69,040	-	69,040
93600	Sewer	41,000	-	41,000
93000	Total Utilities	236,826	-	236,826
94100	Ordinary Maintenance and Operations - Labor	84,031	-	84,031
94200	Ordinary Maintenance and Operations - Materials and Other	2,111	-	2,111
94300	Ordinary Maintenance and Operations Contracts	55,980	-	55,980
94500	Employee Benefit Contributions - Ordinary Maintenance	30,036	-	30,036
94000	Total Maintenance	172,158	-	172,158
96110	Property Insurance	17,164	-	17,164
96120	Liability Insurance	10,870	-	10,870
96130	Workmen's Compensation	8,876	-	8,876
96140	All Other Insurance	1,270	-	1,270
96100	Total Insurance Premiums	38,180	-	38,180

See independent auditors' report.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Financial Data Schedule
For the year ended December 31, 2011

Schedule I
(continued)

PHA: NJ064

Line Item No.	Account Description	Low Rent	Capital Fund	Total
96210	Compensated Absences	6,936	-	6,936
96300	Payments in Lieu of Taxes	18,849	-	18,849
96000	Total Other General Expenses	25,785	-	25,785
96900	Total Operating Expenses	663,031	-	663,031
97000	Excess of Operating Revenue over Operating Expenses	113,673	255,435	369,108
97400	Depreciation Expense	11,219	43,438	54,657
90000	Total Expenses	674,250	43,438	717,688
10010	Operating Transfer In	-	7,570	7,570
10020	Operating Transfer Out	(7,570)	-	(7,570)
10100	Total Other Financing Sources (Uses)	(7,570)	7,570	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	94,884	219,567	314,451
11030	Beginning Equity	545,608	941,625	1,487,233
11190	Unit Months Available	1,200	-	1,200
11210	Number of Unit Months Leased	1,197	-	1,197
11270	Excess Cash	415,392	-	415,392
11620	Building Purchases	-	263,004	263,004

See independent auditors' report.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON **Schedule II**
Detailed Statement of Revenues, Expenses and Changes in Net Assets Compared to Budget
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Operating revenues:				
Dwelling rental / excess utilities	\$ 388,000	\$ 388,000	\$ 391,421	\$ 3,421
Non-dwelling revenues	58,224	58,224	97,286	39,062
HUD operating grants	<u>210,000</u>	<u>210,000</u>	<u>281,880</u>	<u>71,880</u>
Total operating revenues	<u>656,224</u>	<u>656,224</u>	<u>770,587</u>	<u>114,363</u>
Operating expenses:				
Administrative	193,322	193,322	186,258	7,064
Tenant services	4,750	4,750	3,824	926
Utilities	243,000	243,000	236,826	6,174
Operating and maintenance	165,158	165,158	172,158	(7,000)
General expenses	<u>45,520</u>	<u>45,520</u>	<u>63,965</u>	<u>(18,445)</u>
Total operating expenses	<u>651,750</u>	<u>651,750</u>	<u>663,031</u>	<u>(11,281)</u>
Operating income	4,474	4,474	107,556	103,082
Non-operating revenues				
Interest income	800	800	6,117	5,317
Capital grants	<u>-</u>	<u>-</u>	<u>255,435</u>	<u>255,435</u>
Total non-operating revenues	<u>800</u>	<u>800</u>	<u>261,552</u>	<u>260,752</u>
Change in net assets - budgetary basis	5,274	5,274	369,108	363,834
Less:				
Depreciation	<u>-</u>	<u>-</u>	<u>54,657</u>	<u>(54,657)</u>
Change in net assets - accrual basis	5,274	5,274	314,451	309,177
Net assets, beginning of year	<u>1,487,233</u>	<u>1,487,233</u>	<u>1,487,233</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,492,507</u>	<u>\$ 1,492,507</u>	<u>\$ 1,801,684</u>	<u>\$ 309,177</u>

See independent auditors' report.



Certified Public Accountants & Consultants

**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***

The Board of Commissioners
Housing Authority of the Township of Haddon:

We have audited the financial statements of the Housing Authority of the Township of Haddon, as of and for the year ended December 31, 2011 and have issued our report thereon dated March 7, 2012. 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.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HOLMAN & FRENIA, P.C.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

March 7, 2012
Medford, New Jersey



Certified Public Accountants & Consultants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Commissioners
Housing Authority of the Township of Haddon:

Compliance

We have audited Housing Authority of the Township of Haddon's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on Housing Authority of the Township of Haddon's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Housing Authority of the Township of Haddon'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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Housing Authority of the Township of Haddon complied, in all material respects, with the 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, 2011.

Internal Control over Compliance

Management of the Housing Authority of the Township of Haddon, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Housing Authority of the Township of Haddon'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HOLMAN & FRENIA, P.C.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

March 7, 2012
Medford, New Jersey

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2011

<u>Grantor/Program Title</u>	<u>Federal CFDA/ Account Number</u>	<u>Grant Amount</u>	<u>Grant Period</u>	<u>Current Year Expenditures</u>
U.S. Department of Housing and Urban Development:				
Public and Indian Housing	14.850		01/01/2011-12/31/2011	\$ 281,880
Public Housing Capital Fund Program	14.872		01/01/2011-12/31/2011	<u>263,005</u>
				<u>\$ 544,885</u>

See independent auditors' report.

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Schedule of Findings and Questioned Costs
For the year ended December 31, 2011 and 2010

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unqualified
2. Internal control over financial reporting:	
a. Material weakness identified?	No
b. Deficiencies in internal control identified that are not considered to be material weaknesses?	No
3. Noncompliance material to general purpose financial statements noted?	No

Federal Awards

1. Dollar threshold used to determine Type A Programs	\$300,000
2. Auditee qualified as low-risk auditee?	Yes
3. Type of auditors' report on compliance for major programs	Unqualified
4. Internal Control over compliance:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	No
c. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .51O(a))?	No

5. Identification of major programs:

C.F.DA Numbers	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.872	Public Housing Capital Fund Program

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Schedule of Findings and Questioned Costs (continued)
For the year ended December 31, 2011 and 2010

Section II – Financial Statement Findings

This section identifies the reportable conditions, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5 of *Government Auditing Standards*.

No Current Year Findings

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON
Schedule of Prior Year Findings and Questioned Costs
For the year ended December 31, 2011 and 2010

This section identifies the status of prior-year findings related to the basic financial statements that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards* and U.S. OMB Circular A-133 (section .315 (a)(b)).

Finding 2010-01:

One contract was awarded that was less than the bid threshold but exceeded quotation threshold of \$2,550 without the Authority obtaining quotations.

Status:

This condition has been corrected.

Finding 2010-02:

The Authority did not agree beginning balances to the Fiscal Year 2009 audit report.

Status:

This condition has been corrected.



Certified Public Accountants & Consultants
To the Board of Commissioners

Housing Authority of the Township of Haddon
Haddon Township, New Jersey 08108

We have audited the financial accounts and transactions of the Housing Authority of the Township of Haddon in the County of Camden, State of New Jersey for the year ended December 31, 2011. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,000 except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the Authority's roof replacement.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Contracts and Agreements Requiring Solicitation of Quotations

The Authority has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Contracts and Agreements Requiring Solicitation of Quotations (continued)

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$2,550 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of *N.J.S.A.40A:11-6.1*.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Fund

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

Property, Plant and Equipment

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Follow-Up of Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year findings. Corrective action had been taken on all prior year findings.

Acknowledgment

We received the complete cooperation of all the Authority Officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call us.

HOLMAN & FRENIA, P.C.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

March 7, 2012
Medford, New Jersey