

**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, 2012 and 2011**

**(With Independent Auditors' Report thereon)**

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**(A Component Unit of Haddon Township, State of New Jersey)**  
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**December 31, 2012 and 2011**

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of business-type activities of the Housing Authority of the Township of Haddon, a component unit of the Township of Haddon, State of New Jersey, as of and for the year ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Township of Haddon as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 27 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 opinions on the financial statements that collectively comprise the Housing Authority of the Township of Haddon's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the financial data schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, financial data schedules, and the statement and certification of actual Capital Fund Grant costs and actual Capital Fund Recovery Grant costs 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, financial data schedules and the statement and certification of actual Capital Fund Grant costs and actual Capital Fund Recovery Grant costs 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 April 5, 2013 on our consideration of the Housing Authority of the Township of Haddon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the Township of Haddon's internal control over financial reporting and compliance.

  
**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

April 5, 2013  
Toms River, New Jersey

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Management's Discussion and Analysis**  
**December 31, 2012**

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, 2012. 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 Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position 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 Position presents information showing how the Authority's net position changed during the most recent 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 (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, 2012, individual program and grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The Authority prepares a budget to be submitted to the Bureau of Authority Regulation, Department of Community Affairs. The budget was 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 position of \$428,002 compared to \$448,389 at the close of the prior year.
- Rent revenue from tenant for the year was \$405,321 compared to \$391,421 for the prior year.
- Operating expenses for the year were \$731,782 compared to \$717,688 for the prior year.
- The total HUD PHA operating grant for the year ended December 31, 2012 was \$299,989 compared to \$281,880 for the prior year.

Computation of net position at December 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Cash and other current assets	\$ 1,122,083	\$ 762,220	\$ 359,863	47.21%
Capital assets, net	<u>1,782,686</u>	<u>1,353,295</u>	<u>429,391</u>	<u>31.73%</u>
Total assets	2,904,769	2,115,515	789,254	37.31%
Current liabilities	106,473	291,576	(185,103)	-63.48%
Long-term liabilities	<u>587,608</u>	<u>22,255</u>	<u>565,353</u>	<u>2,540.34%</u>
Total liabilities	694,081	313,831	380,250	121.16%
Invested in capital assets	1,782,686	1,353,295	429,391	31.73%
Unrestricted net position	<u>428,002</u>	<u>448,389</u>	<u>(20,387)</u>	<u>-4.55%</u>
Total net position	<u>\$ 2,210,688</u>	<u>\$ 1,801,684</u>	<u>\$ 409,004</u>	<u>22.70%</u>

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

	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
<b>OPERATING REVENUES</b>				
Tenant rents	\$ 405,321	\$ 391,421	\$ 13,900	3.55%
HUD PHA operating grant	299,989	281,880	18,109	6.42%
Other	<u>68,368</u>	<u>97,286</u>	<u>(29,918)</u>	<u>-29.72%</u>
Total operating revenues	773,678	770,587	3,091	0.40%
<b>OPERATING EXPENSES</b>				
Administrative	199,070	186,258	12,812	6.88%
Tenant services	8,421	3,824	4,597	120.21%
Utilities	205,251	236,826	(31,575)	-13.33%
Maintenance and operation	183,550	172,158	11,392	6.62%
Protective services	2,975	-	2,975	100.00%
General expenses	60,352	63,965	(3,613)	-5.65%
Extraordinary maintenance	3,855	-	3,855	100.00%
Depreciation	<u>68,308</u>	<u>54,657</u>	<u>13,651</u>	<u>24.98%</u>
Total operating expenses	<u>731,782</u>	<u>717,688</u>	<u>14,094</u>	<u>1.96%</u>
Operating income	41,896	52,899	(11,003)	-20.80%
<b>NON-OPERATING REVENUES/(EXPENSES)</b>				
Interest income	7,807	6,117	1,690	27.63%
Other government grants	200,000	-	200,000	100.00%
Capital grants	<u>159,301</u>	<u>255,435</u>	<u>(96,134)</u>	<u>-37.64%</u>
Total non-operating revenues/(expenses)	<u>367,108</u>	<u>261,552</u>	<u>105,556</u>	<u>40.36%</u>
Change in net assets	409,004	314,451	94,553	30.07%
Net position, beginning of year	<u>1,801,684</u>	<u>1,487,233</u>	<u>314,451</u>	<u>21.14%</u>
Net position, end of year	<u>\$ 2,210,688</u>	<u>\$ 1,801,684</u>	<u>\$ 409,004</u>	<u>22.70%</u>

Total operating revenues of \$773,678 decreased \$3,091 or 0.40% compared to 2011 as increased tenant rents and HUD PHA operating grant offset a drop in other income.

Tenant rents of \$405,321 increased by \$13,900 or 3.55% compared to 2011, the HUD operating grant of \$299,989 increased by \$18,109 or 6.42% compared to 2011, and other revenue (primarily cell tower rental income) of \$68,368 decreased \$28,918 or 29.72% compared to 2011.

Total operating expenses of \$731,782 increased by a net amount of \$14,094 or 1.96% compared to 2011. Increases in Administration, Maintenance and Depreciation expense were offset by reductions in Utility expenses.

Depreciation expense of \$68,308 increased \$13,651 or 24.98% compared to 2011 due to the value of fixed asset additions in FY2012. Utilities continued to decrease in FY2012 due in part to the installation of energy efficiency windows and doors.



Building occupancy levels were at or near capacity throughout 2012 and 2011.

During 2012, grant funds of \$159,301 were spent for the replacement of the roof and installation of replacement windows.

#### **Capital Assets and Debt Administration**

As of December 31, 2012, the Authority's capital assets net of accumulated depreciation were \$1,782,686.

The Authority had no long-term debt outstanding at December 31, 2012.

#### **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 2012 from the State of New Jersey to be used to defray the cost of replacing the roof.

#### **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 Position**  
**December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,047,181	\$ 762,220
Accounts receivable - PHA projects	74,902	-
	1,122,083	762,220
Total current assets		
Capital assets, net	1,782,686	1,353,295
Total assets	2,904,769	2,115,515
<b>LIABILITIES</b>		
Current liabilities:		
Accrued wages and payroll taxes	7,712	6,979
Accrued compensated absences, current	1,729	-
Tenant security deposits	32,316	29,971
Other accrued liabilities	18,256	29,268
Current portion of deferred revenue	34,160	225,358
Other current liabilities	12,300	-
	106,473	291,576
Total current liabilities		
Long-term liabilities:		
Accrued compensated absences, less current portion	-	22,255
Deferred revenue, net of current portion	587,608	-
	694,081	313,831
Total liabilities		
<b>NET POSITION</b>		
Net position:		
Invested in capital assets, net of related debt	1,782,686	1,353,295
Unrestricted	428,002	448,389
	2,210,688	1,801,684
Total net position	\$ 2,210,688	\$ 1,801,684

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the years ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Tenant rental revenue	\$ 405,321	\$ 391,421
HUD operating grants	299,989	281,880
Other revenues	<u>68,368</u>	<u>97,286</u>
Total operating revenues	<u>773,678</u>	<u>770,587</u>
Operating expenses:		
Administrative	199,070	186,258
Tenant services	8,421	3,824
Utilities	205,251	236,826
Ordinary repairs and maintenance	183,550	172,158
Protective services	2,975	-
General expenses	60,352	63,965
Extraordinary maintenance	3,855	-
Depreciation	<u>68,308</u>	<u>54,657</u>
Total operating expenses	<u>731,782</u>	<u>717,688</u>
Operating income	<u>41,896</u>	<u>52,899</u>
Non-operating revenues:		
Investment income	7,807	6,117
Other government grants	<u>200,000</u>	<u>-</u>
Income before capital grants	<u>249,703</u>	<u>59,016</u>
Capital grants	<u>159,301</u>	<u>255,435</u>
Change in net position	409,004	314,451
Net position, beginning of year	<u>1,801,684</u>	<u>1,487,233</u>
Net position, end of year	<u>\$ 2,210,688</u>	<u>\$ 1,801,684</u>

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Statements of Cash Flows**  
**For the years ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Cash received from tenants	\$ 407,666	\$ 394,380
Cash received from HUD	225,087	394,216
Cash received from other sources	464,778	82,260
Cash paid to vendors	(474,781)	(462,107)
Cash paid to employees	<u>(207,198)</u>	<u>(191,060)</u>
Net cash flows from operating activities	<u>415,552</u>	<u>217,689</u>
<b>Cash flows from capital activities:</b>		
Purchases of capital assets	(497,699)	(263,005)
Proceeds from grants	<u>359,301</u>	<u>255,435</u>
Net cash flows from capital activities	<u>(138,398)</u>	<u>(7,570)</u>
<b>Cash flows from investing activities:</b>		
Interest received on investments	<u>7,807</u>	<u>6,117</u>
Net cash flows from investing activities	<u>7,807</u>	<u>6,117</u>
Net change in cash	284,961	216,236
Cash and cash equivalents, beginning of year	<u>762,220</u>	<u>545,984</u>
Cash and cash equivalents, end of year	<u>\$ 1,047,181</u>	<u>\$ 762,220</u>
<b>Reconciliation to Statements of Position:</b>		
Cash and cash equivalents	<u>\$ 1,047,181</u>	<u>\$ 762,220</u>

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Statements of Cash Flows (continued)**  
**For the years ended December 31, 2012 and 2011**

	2012	2011
<b>Reconciliation of operating income to net cash flows from operating activities:</b>		
Operating income	\$ 41,896	\$ 52,899
Items which did not use cash:		
Depreciation	68,308	54,657
Working capital changes which provided/(used) cash:		
Accounts receivable - PHA projects	(74,902)	112,336
Accrued wages and payroll taxes	733	254
Accrued compensated absences	(20,526)	6,935
Tenant security deposits	2,345	2,959
Deferred revenue	396,410	(15,026)
Other accrued liabilities	(11,012)	2,675
Other current liabilities	12,300	-
Net cash flows from operating activities	\$ 415,552	\$ 217,689

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Notes to Financial Statements**  
**For the years ended December 31, 2012 and 2011**

**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 position (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, 2012 and 2011**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation (continued)**

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.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets was renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Whereas the provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011, the Authority has implemented this Statement for the year ended December 31, 2012.

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 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 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.

**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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Notes to Financial Statements (continued)**  
**For the years ended December 31, 2012 and 2011**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

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,



**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Notes to Financial Statements (continued)**  
**For the years ended December 31, 2012 and 2011**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Capital Assets (continued)**

Expenses, and Changes in Net Position. 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.

**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 position 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Notes to Financial Statements (continued)**  
**For the years ended December 31, 2012 and 2011**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Equity Classifications (continued)**

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

**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 Position. 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 Position date through April 5, 2013, 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, 2012 and 2011, and reported at fair value are as follows:

	<u>2012</u>	<u>2011</u>
<b>Deposits:</b>		
Demand deposits	\$ <u>1,047,181</u>	\$ <u>762,220</u>
Total deposits	\$ <u>1,047,181</u>	\$ <u>762,220</u>
<b>Reconciliation to Statements of Net Position:</b>		
Cash and cash equivalents	\$ <u>1,047,181</u>	\$ <u>762,220</u>
Total	\$ <u>1,047,181</u>	\$ <u>762,220</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Notes to Financial Statements (continued)**  
**For the years ended December 31, 2012 and 2011**

**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, 2012 and 2011, the Authority's bank balances of \$1,076,094 and \$772,677 was insured or collateralized as follows:

	<u>2012</u>	<u>2011</u>
Insured	\$ 250,000	\$ 280,051
Collateralized in the Authority's name under GUDPA (See Note 4)	<u>826,094</u>	<u>492,626</u>
Total deposits	<u>\$ 1,076,094</u>	<u>\$ 772,677</u>

**NOTE 4: GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA)**

The Board has deposited cash in 2012 and 2011 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, 2012 and 2011**

**NOTE 4: GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA) (continued)**

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months (June 30 and December 31) with the Commissioner of Banking. Any public depository, which refuses or neglects to give any such information so requested, may be excluded from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested. Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**NOTE 5: CAPITAL ASSETS, NET**

A summary of the changes in capital assets during 2012 and 2011 is as follows:

<u>Description</u>	<u>December 31,</u> <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2012</u>
Land	\$ 170,304	\$ -	\$ -	\$ 170,304
Buildings and improvements	3,232,965	493,026	-	3,725,991
Furniture and equipment	<u>11,424</u>	<u>4,673</u>	<u>-</u>	<u>16,097</u>
Total capital assets	3,414,693	497,699	-	3,912,392
Less: accumulated depreciation	<u>(2,061,398)</u>	<u>(68,308)</u>	<u>-</u>	<u>(2,129,706)</u>
Capital assets, net	<u>\$ 1,353,295</u>	<u>\$ 429,391</u>	<u>\$ -</u>	<u>\$ 1,782,686</u>

<u>Description</u>	<u>December 31,</u> <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2011</u>
Land	\$ 170,304	\$ -	\$ -	\$ 170,304
Buildings and improvements	2,969,960	263,005	-	3,232,965
Furniture and equipment	<u>11,424</u>	<u>-</u>	<u>-</u>	<u>11,424</u>
Total capital assets	3,151,688	263,005	-	3,414,693
Less: accumulated depreciation	<u>(2,006,741)</u>	<u>(54,657)</u>	<u>-</u>	<u>(2,061,398)</u>
Capital assets, net	<u>\$ 1,144,947</u>	<u>\$ 208,348</u>	<u>\$ -</u>	<u>\$ 1,353,295</u>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$68,308 and \$54,657, respectively.

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Notes to Financial Statements (continued)**  
**For the years ended December 31, 2012 and 2011**

**NOTE 6: DEFERRED REVENUE**

On September 29, 2006, the Authority agreed to lease cell tower space to Wireless Capital Partners for a period of 20 years for a lump-sum payment of \$300,480. On June 25, 2012, the Authority agreed to lease cell tower space to Communications Capital Group for a period of 22 years for a lump-sum payment of \$421,000.

These amounts have been deferred and are being recognized over the life of the respective leases. During the years ended December 31, 2012 and 2011, the Authority recognized \$24,592 and \$15,024, respectively, as revenue. At December 31, 2012 and 2011, \$621,768 and \$225,358, respectively was deferred.

**NOTE 7: 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, 2012 and 2011, the Authority incurred PILOT expenses in the amount of \$21,789 and \$11,914, respectively.

**NOTE 8: 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Notes to Financial Statements (continued)**  
**For the years ended December 31, 2012 and 2011**

**NOTE 8: COMPENSATED ABSENCES (continued)**

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, 2012 and 2011 were \$1,729 and \$22,255, respectively.

**NOTE 9: 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 were required to contribute 5.5% of their annual covered salary through June 30, 2012 and 5.64% thereafter. 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 \$21,612 and \$17,454 to PERS for the years ended December 31, 2012 and 2011, respectively.

**NOTE 10: 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

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Notes to Financial Statements (continued)**  
**For the years ended December 31, 2012 and 2011**

**NOTE 10: POST EMPLOYMENT BENEFITS (continued)**

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.

**NOTE 11: 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, 2012, which can be obtained from Public Entity Risk Management Administration Inc., Park 80 West, Plaza One, Saddle Brook, NJ 07663.

**NOTE 12: 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 13: 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, 2012, 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**  
**Financial Data Schedules**  
**For the year ended December 31, 2012**

	NJ064000001	Total
111 Cash - Unrestricted	\$1,014,865	\$1,014,865
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted		
114 Cash - Tenant Security Deposits	\$32,316	\$32,316
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$1,047,181	\$1,047,181
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects	\$74,902	\$74,902
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous		
126 Accounts Receivable - Tenants		
126.1 Allowance for Doubtful Accounts - Tenants		
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		
128.1 Allowance for Doubtful Accounts - Fraud		
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$74,902	\$74,902
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets		
143 Inventories		
143.1 Allowance for Obsolete Inventories		
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$1,122,083	\$1,122,083
161 Land	\$170,304	\$170,304
162 Buildings	\$3,725,991	\$3,725,991
163 Furniture, Equipment & Machinery - Dwellings		
164 Furniture, Equipment & Machinery - Administration	\$16,097	\$16,097
165 Leasehold Improvements		
166 Accumulated Depreciation	-\$2,129,706	-\$2,129,706
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,782,686	\$1,782,686
171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due		



**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Financial Data Schedules**  
**For the year ended December 31, 2012**

	NJ064000001	Total
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$1,782,686	\$1,782,686
190 Total Assets	\$2,904,769	\$2,904,769
311 Bank Overdraft		
312 Accounts Payable <= 90 Days		
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable	\$7,712	\$7,712
322 Accrued Compensated Absences - Current Portion	\$1,729	\$1,729
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government	\$18,256	\$18,256
341 Tenant Security Deposits	\$32,316	\$32,316
342 Deferred Revenues	\$34,160	\$34,160
343 Current Portion of Long-term Debt - Capital Projects/Mortgage		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities	\$12,300	\$12,300
346 Accrued Liabilities - Other		
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$106,473	\$106,473
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other	\$587,608	\$587,608
354 Accrued Compensated Absences - Non Current		
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities		
350 Total Non-Current Liabilities	\$587,608	\$587,608
300 Total Liabilities	\$694,081	\$694,081
508.1 Invested In Capital Assets, Net of Related Debt	\$1,782,686	\$1,782,686
511.1 Restricted Net Assets		
512.1 Unrestricted Net Assets	\$428,002	\$428,002
513 Total Equity/Net Assets	\$2,210,688	\$2,210,688
600 Total Liabilities and Equity/Net Assets	\$2,904,769	\$2,904,769

**Schedule I**  
**(continued)**

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Financial Data Schedules**  
**For the year ended December 31, 2012**

	NJ06400001	Total
70300 Net Tenant Rental Revenue	\$405,321	\$405,321
70400 Tenant Revenue - Other	\$17,820	\$17,820
70500 Total Tenant Revenue	\$423,141	\$423,141
70600 HUD PHA Operating Grants	\$299,989	\$299,989
70610 Capital Grants	\$159,301	\$159,301
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees		
70700 Total Fee Revenue		
70800 Other Government Grants	\$200,000	\$200,000
71100 Investment Income - Unrestricted	\$7,807	\$7,807
71200 Mortgage Interest Income		
71300 Proceeds from Disposition of Assets Held for Sale		
71310 Cost of Sale of Assets		
71400 Fraud Recovery		
71500 Other Revenue	\$50,548	\$50,548
71600 Gain or Loss on Sale of Capital Assets		
72000 Investment Income - Restricted		
70000 Total Revenue	\$1,140,786	\$1,140,786
91100 Administrative Salaries	\$102,990	\$102,990
91200 Auditing Fees	\$12,300	\$12,300
91300 Management Fee		
91310 Book-keeping Fee		
91400 Advertising and Marketing	\$762	\$762
91500 Employee Benefit contributions - Administrative	\$38,214	\$38,214
91600 Office Expenses	\$21,560	\$21,560
91700 Legal Expense	\$15,556	\$15,556
91800 Travel	\$52	\$52
91810 Allocated Overhead		
91900 Other	\$7,636	\$7,636
91000 Total Operating - Administrative	\$199,070	\$199,070
92000 Asset Management Fee		
92100 Tenant Services - Salaries		
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other	\$8,421	\$8,421
92500 Total Tenant Services	\$8,421	\$8,421

HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON  
Financial Data Schedules  
For the year ended December 31, 2012

	NJ064000001	Total
93100 Water	\$20,037	\$20,037
93200 Electricity	\$99,758	\$99,758
93300 Gas	\$43,706	\$43,706
93400 Fuel		
93500 Labor		
93600 Sewer	\$41,750	\$41,750
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		
93000 Total Utilities	\$205,251	\$205,251
94100 Ordinary Maintenance and Operations - Labor	\$84,415	\$84,415
94200 Ordinary Maintenance and Operations - Materials and Other	\$1,289	\$1,289
94300 Ordinary Maintenance and Operations Contracts	\$66,640	\$66,640
94500 Employee Benefit Contributions - Ordinary Maintenance	\$31,206	\$31,206
94000 Total Maintenance	\$183,550	\$183,550
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs	\$2,975	\$2,975
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$2,975	\$2,975
96110 Property Insurance	\$17,747	\$17,747
96120 Liability Insurance	\$10,185	\$10,185
96130 Workmen's Compensation	\$7,425	\$7,425
96140 All Other Insurance	\$1,478	\$1,478
96100 Total insurance Premiums	\$36,835	\$36,835
96200 Other General Expenses		
96210 Compensated Absences	\$1,728	\$1,728
96300 Payments in Lieu of Taxes	\$21,789	\$21,789
96400 Bad debt - Tenant Rents		
96500 Bad debt - Mortgages		
96600 Bad debt - Other		
96800 Severance Expense		
96000 Total Other General Expenses	\$23,517	\$23,517
96710 Interest of Mortgage (or Bonds) Payable		
96720 Interest on Notes Payable (Short and Long Term)		
96730 Amortization of Bond Issue Costs		
96700 Total Interest Expense and Amortization Cost	\$0	\$0
96900 Total Operating Expenses	\$659,619	\$659,619

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Financial Data Schedules**  
**For the year ended December 31, 2012**

	NJ064000001	Total
97000 Excess of Operating Revenue over Operating Expenses	\$481,167	\$481,167
97100 Extraordinary Maintenance	\$3,855	\$3,855
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments		
97350 HAP Portability-In		
97400 Depreciation Expense	\$68,308	\$68,308
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	\$731,782	\$731,782
10010 Operating Transfer In		
10020 Operating transfer Out		
10030 Operating Transfers from/to Primary Government		
10040 Operating Transfers from/to Component Unit		
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss		
10080 Special Items (Net Gain/Loss)		
10091 Inter Project Excess Cash Transfer In		
10092 Inter Project Excess Cash Transfer Out		
10093 Transfers between Program and Project - In		
10094 Transfers between Project and Program - Out		
10100 Total Other financing Sources (Uses)	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$409,004	\$409,004
11020 Required Annual Debt Principal Payments	\$0	\$0
11030 Beginning Equity	\$1,801,684	\$1,801,684
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0	\$0
11050 Changes in Compensated Absence Balance		
11060 Changes in Contingent Liability Balance		
11070 Changes in Unrecognized Pension Transition Liability		
11080 Changes in Special Term/Severance Benefits Liability		
11090 Changes in Allowance for Doubtful Accounts - Dwelling		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity		
11180 Housing Assistance Payments Equity		
11190 Unit Months Available	1200	1200
11210 Number of Unit Months Leased	1195	1195
11270 Excess Cash	\$373,178	\$373,178

Schedule I  
(continued)

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Financial Data Schedules**  
**For the year ended December 31, 2012**

	NJ064000001	Total
11610 Land Purchases	\$0	\$0
11620 Building Purchases	\$493,027	\$493,027
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$4,673	\$4,673
11650 Leasehold Improvements Purchases	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Detailed Statement of Revenues, Expenses and Changes in Net Position Compared to Budget**  
**For the year ended December 31, 2012**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Operating revenues:				
Dwelling rental / excess utilities	\$ 388,200	\$ 388,200	\$ 405,321	\$ 17,121
Non-dwelling revenues	79,604	79,604	68,368	(11,236)
HUD operating grants	<u>210,000</u>	<u>210,000</u>	<u>299,989</u>	<u>89,989</u>
Total operating revenues	<u>677,804</u>	<u>677,804</u>	<u>773,678</u>	<u>95,874</u>
Operating expenses:				
Administrative	162,906	162,906	199,070	(36,164)
Tenant services	4,600	4,600	8,421	(3,821)
Utilities	244,300	244,300	205,251	39,049
Operating and maintenance	150,778	150,778	183,550	(32,772)
Protective services	-	-	2,975	(2,975)
General expenses	116,120	116,120	60,352	55,768
Extraordinary maintenance	<u>-</u>	<u>-</u>	<u>3,855</u>	<u>(3,855)</u>
Total operating expenses	<u>678,704</u>	<u>678,704</u>	<u>663,474</u>	<u>15,230</u>
Operating income	(900)	(900)	110,204	111,104
Non-operating revenues				
Interest income	900	900	7,807	6,907
Other government grants	-	-	200,000	200,000
Capital grants	<u>-</u>	<u>-</u>	<u>159,301</u>	<u>159,301</u>
Total non-operating revenues	<u>900</u>	<u>900</u>	<u>367,108</u>	<u>366,208</u>
Change in net position - budgetary basis	-	-	477,312	477,312
Less:				
Depreciation	<u>-</u>	<u>-</u>	<u>68,308</u>	<u>(68,308)</u>
Change in net position - accrual basis	-	-	409,004	409,004
Net position, beginning of year	<u>1,801,684</u>	<u>1,801,684</u>	<u>1,801,684</u>	<u>-</u>
Net position, end of year	<u>\$ 1,801,684</u>	<u>\$ 1,801,684</u>	<u>\$ 2,210,688</u>	<u>\$ 409,004</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Statement and Certification of Actual Capital Fund Grant**  
**Costs and Actual Capital Fund Recovery Grant Costs**  
**For the year ended December 31, 2012**

1. The Actual Capital Fund Grant Costs of Programs NJ39P064501-04, NJ39P064501-05, NJ39P064501-06, NJ39P064501-07, NJ39P064501-08 and NJ39P064501-09 and the Actual Capital Fund Recovery Grant (CFRG) Costs of Program NJ39P064501-09 are as follows:

Actual Capital Fund Grant Costs:

	<u>CFP No. NJ39P064501-04</u>	<u>CFP No. NJ39P064501-05</u>
Fund Approved	\$ 116,907	\$ 112,702
Funds Expended	<u>116,907</u>	<u>112,702</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 116,907	\$ 112,702
Funds Expended	<u>116,907</u>	<u>112,702</u>
	<u>\$ -</u>	<u>\$ -</u>
	<u>CFP No. NJ39P064501-06</u>	<u>CFP No. NJ39P064501-07</u>
Fund Approved	\$ 102,638	\$ 105,061
Funds Expended	<u>102,638</u>	<u>105,061</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 102,638	\$ 105,061
Funds Expended	<u>102,638</u>	<u>105,061</u>
	<u>\$ -</u>	<u>\$ -</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Statement and Certification of Actual Capital Fund Grant**  
**Costs and Actual Capital Fund Recovery Grant Costs**  
**For the year ended December 31, 2012**

	<u>CFP No. NJ39P064501-08</u>	<u>CFP No. NJ39P064501-09</u>
Fund Approved	\$ 102,859	\$ 102,322
Funds Expended	<u>102,859</u>	<u>102,322</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 102,859	\$ 102,322
Funds Expended	<u>102,859</u>	<u>102,322</u>
	<u>\$ -</u>	<u>\$ -</u>
Actual Capital Fund Grant Costs:		
	<u>CFRP No. NJ39S064501-09</u>	
Fund Approved	\$ 130,199	
Funds Expended	<u>130,199</u>	
Excess of Funds Approved	<u>\$ -</u>	
Funds Advanced	\$ 130,199	
Funds Expended	<u>130,199</u>	
	<u>\$ -</u>	

2. All Capital Fund Grant Costs and Capital Fund Recovery Grant Costs have been paid and all related liabilities have been discharged through payment.





**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, in accordance with the 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 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 Haddon (herein referred to as "the Authority"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 5, 2013.

**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 opinions 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.

### **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* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

April 5, 2013  
Toms River, New Jersey



HOLMAN | FRENIA  
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**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**

To the Board of Commissioners of the  
Housing Authority of the Township of Haddon  
Haddon Township, New Jersey 08108

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

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, 2012. Housing Authority of the Township of Haddon'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Housing Authority of the Township of Haddon'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Housing Authority of the Township of Haddon's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Housing Authority of the Township of Haddon 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, 2012.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

### **Report on Internal Control Over Compliance**

Management of Housing Authority of the Township of Haddon 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 Housing Authority of the Township of Haddon'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 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 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. *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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Housing Authority of the Township of Haddon as of and for the year ended December 31, 2012, and have issued our report thereon dated April 5, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*HOLMAN FRENIA ALLISON, P.C.*  
**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

April 5, 2013  
Toms River, New Jersey

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended December 31, 2012**

<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	\$ 299,989	01/01/2012-12/31/2012	\$ 299,989
Public Housing Capital Fund Program	14.872	159,301	01/01/2012-12/31/2012	<u>159,301</u>
				<u>\$ 459,290</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the year ended December 31, 2012**

**NOTE 1. GENERAL**

The accompanying schedule of expenditures of federal awards includes federal award activity of the Housing Authority of the Township of Haddon. The Housing Authority of the Township of Haddon is defined in Note 1 to the Authority's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule of expenditures of federal awards.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards are presented on the modified accrual basis of accounting. This basis of accounting is described in Note 1 to the Authority's basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the Authority's general-purpose financial statements.

**NOTE 4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Schedule of Findings and Questioned Costs**  
**For the year ended December 31, 2012**

*Section I - Summary of Auditors' Results*

**Financial Statements**

1. Type of auditors' report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) 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	Unmodified
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, 2012**

*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 Finding & Questioned Costs*

This section identifies audit findings required to be reported by section .510(a) of Circular A-133.

No Current Year Findings

**HOUSING AUTHORITY OF THE TOWNSHIP OF HADDON**  
**Schedule of Prior Findings and Questioned Costs**  
**For the year ended December 31, 2012**

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.

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, 2012. 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.

### **Contracts and Agreements Requiring Solicitation of Quotations (continued)**

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.

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.

Any problems and weaknesses noted in our audit 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 ALLISON, P.C.*  
**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

April 5, 2013  
Toms River, New Jersey