

**HOUSING AUTHORITY OF THE
TOWN OF SECAUCUS
Secaucus, New Jersey**

**COMPARATIVE FINANCIAL STATEMENTS
For the Two Years Ended March 31, 2013**

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
 COMPARATIVE FINANCIAL STATEMENTS
 FOR THE TWO YEARS ENDED MARCH 31, 2013

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HOUSING AUTHORITY OF THE TOWN OF SECAUCUS

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2013

As management of the Housing Authority of the Town of Secaucus, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the fiscal year ended March 31, 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities as of March 31, 2013 by \$8,586,810.
- As of the close of the current fiscal year, the Authority's Proprietary Funds reported an Unrestricted Net Position of \$1,609,672, a decrease of \$308,188 from 2012.

- The Authority's cash and investment balance as of March 31, 2012 totaled \$2,041,397, representing a decrease of \$647,260 from March 31, 2012. The major reason for this decrease is the expenditure of restricted cash borrowed in prior years under the Authority's capital fund leveraging program.
- The Authority had intergovernmental revenue of \$2,388,060 in HUD operating grants and \$58,810 in HUD Capital grants for the year ended March 31, 2013.
- The Authority's capital outlays for the year totaled \$35,654. The change in Capital Assets is detailed in the section entitled Analysis of Capital Assets.

USING THE ANNUAL REPORT

Financial Statements

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

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

The Comparative Statements of Revenue, Expenses and Position in Net Position present information showing how the Authority's net position changed during the most recent two fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g.: depreciation and earned but unused vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Financial Statements (Continued)

The Comparative Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the year. The statements classify cash receipts and cash payments as resulting from operating activities, capital and related financing activities and investing activities.

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 financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.

Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-profit Organizations". The Schedule of Expenditures of Federal Awards can be found on page 27 of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

(Net Assets)

Total Net Position decreased by \$1,074,016. This is primarily due to the following: (1) A decrease of \$344,734 in restricted net assets in the housing choice voucher program, resulting from the reduction in HUD housing assistance payments within that program; (2) depreciation expense of \$507,271 recorded during the current period while capital grants of only \$58,810 were received and (3) an increase of approximately \$24,000 in the liability accrued for post-retirement benefits other pensions (OPEB).

Unrestricted cash and equivalents and investments decreased by \$647,260 due primarily to the use of operating funds in operations of \$620,568. This was a result of a reduction in HUD operating grants of \$215,902, the use of approximately \$200,000 to perform previously deferred major maintenance projects, and the use of approximately \$345,000 of restricted cash to make payments to landlords in the housing choice voucher program.

The accrued liability for post-employment benefit other than pensions (OPEB) increased by approximately \$24,000 due to the amortization of the actuarially determined unfunded liability.

Capital Assets (net of accumulated depreciation) decreased by \$471,617 which is attributed to capital expenditure of \$35,654, offset by depreciation expense of \$507,271.

The following table summarizes the changes in Net Assets between March 31, 2013 and 2012 for the Authority as a whole:

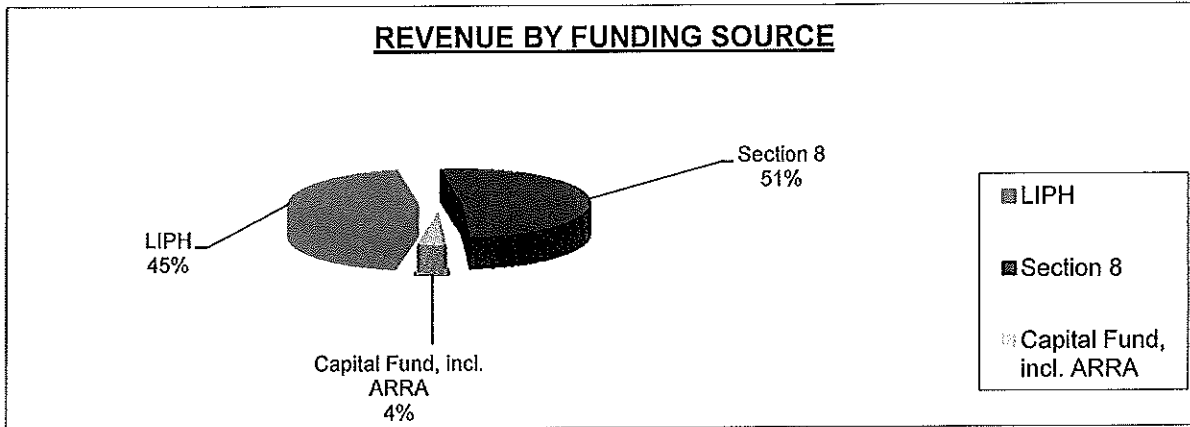
| | <u>2013</u> | <u>2012</u> | <u>Incr. /(Decr.)</u> | <u>Incr. /(Decr.)</u> |
|---------------------------------------|---------------------|---------------------|-----------------------|-----------------------|
| Cash & Equivalents and Investments | \$ 2,041,397 | \$ 2,688,657 | \$ (647,260) | -24.07% |
| Other Current Assets | 131,523 | 118,405 | 13,118 | 11.08% |
| Capital Assets | 7,951,650 | 8,423,267 | (471,617) | -5.60% |
| Other Non-current Assets | 35,866 | 38,111 | (2,245) | 0.00% |
| Total Assets | <u>10,160,436</u> | <u>11,268,440</u> | <u>(1,108,004)</u> | <u>-9.83%</u> |
| Current Liabilities | 335,485 | 334,412 | 1,073 | 0.32% |
| Long-term Debt | 1,085,000 | 1,140,000 | (55,000) | 0.00% |
| Noncurrent Liabilities | 153,141 | 133,202 | 19,939 | 14.97% |
| Total Liabilities | <u>1,573,626</u> | <u>1,607,614</u> | <u>(33,988)</u> | <u>-2.11%</u> |
| Net Assets Invested in Capital Assets | 6,811,650 | 7,233,267 | (421,617) | -5.83% |
| Restricted Net Assets | 165,888 | 510,099 | (344,211) | 0.00% |
| Unrestricted Net Assets | 1,609,272 | 1,917,460 | (308,188) | -16.07% |
| Total Net Assets | <u>\$ 8,586,810</u> | <u>\$ 9,660,826</u> | <u>\$ (1,074,016)</u> | <u>11.12%</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Total operating revenue decreased by \$172,091 (4.45%), due primarily to the decrease of \$250,908 (9.51%) in HUD operating grants. Operating grants received under the housing choice voucher program decreased by \$173,176 due to HUD's proration of subsidies due to lack of funding in the federal budget.

Total operating expenses increased by \$196,066 (4.23%). Changes in the major categories of expense are discussed below.

The revenues generated by each specific program of the Authority are detailed in the following chart:



The following table summarizes the changes in Operating Income between fiscal years 2013 and 2012 for the Authority as a whole:

| | <u>2013</u> | <u>2012</u> | <u>Incr./ (Decr.)</u> | <u>% Incr. / (Decr.)</u> |
|--|--------------------|-------------------|-----------------------|--------------------------|
| Tenant Rental & Other Revenue | 1,190,431 | 1,149,058 | 41,373 | 3.60% |
| HUD Operating Grants | 2,388,060 | 2,638,968 | (250,908) | -9.51% |
| Other Revenue | 118,683 | 81,239 | 37,444 | 46.09% |
| Total Operating Revenue | <u>3,697,174</u> | <u>3,869,265</u> | <u>(172,091)</u> | <u>-4.45%</u> |
| Operating Expenses: | | | | |
| Administrative | 714,668 | 652,581 | 62,087 | 9.51% |
| Tenant Services | 55,916 | 63,974 | (8,058) | -12.60% |
| Utilities | 427,236 | 467,680 | (40,444) | -8.65% |
| Maintenance | 807,317 | 598,203 | 209,114 | 34.96% |
| General Expenses | 220,541 | 241,319 | (20,778) | -8.61% |
| Housing Assistance Payments | 2,097,203 | 2,101,569 | (4,366) | -0.21% |
| Depreciation | 507,271 | 508,760 | (1,489) | -0.29% |
| Total Expenses | <u>4,830,152</u> | <u>4,634,086</u> | <u>196,066</u> | <u>4.23%</u> |
| Operating Income/(Loss) | <u>(1,132,978)</u> | <u>(764,821)</u> | <u>(368,157)</u> | <u>48.14%</u> |
| Non-operating Revenue (Expenses): | | | | |
| Interest and Other | 152 | 1,408 | (1,256) | -89.20% |
| Non-operating Income/(Loss) | <u>152</u> | <u>1,408</u> | <u>(1,256)</u> | <u>-89.20%</u> |
| Income Before Contributions | <u>(1,132,826)</u> | <u>(763,413)</u> | <u>(369,413)</u> | <u>48.39%</u> |
| HUD Capital Grants | <u>58,810</u> | <u>77,750</u> | <u>(18,940)</u> | <u>-24.36%</u> |
| Net Income/(Loss) | <u>(1,074,016)</u> | <u>(685,663)</u> | <u>(388,353)</u> | |
| Beginning Net Assets | 9,660,826 | 11,503,861 | (1,843,035) | -16.02% |
| Prior Period Adjustment | - | (1,157,372) | 1,157,372 | 0.00% |
| Ending Net Assets | <u>8,586,810</u> | <u>10,818,198</u> | <u>(368,157)</u> | <u>-3.40%</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Tenant rental and other tenant revenue increased by \$41,373 (1.00%). Vacancies remained minimal; 16 unit/months were vacant in 2013 versus 7 unit/months in 2012. Management continues its aggressive approach in recovering rental income due to under-reporting of income by tenants.

Other Revenues consist primarily of receipts for portability housing assistance payments and charges to tenants for maintenance and other miscellaneous services. Other revenue increased by \$37,444 primarily because of increased receipts related to incoming portability cases in the housing choice voucher program.

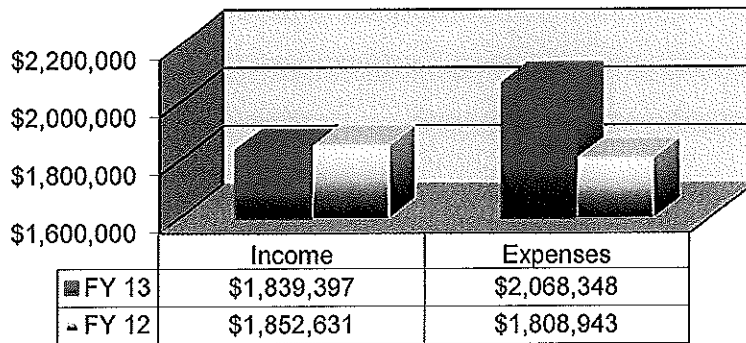
Administrative expenses increased by \$62,087 (9.51%) due primarily to the increases in employee benefit costs.

Utility costs decreased by \$40,044 (8.65%). The decrease in utility expense is due primarily to decreases in consumption resulting from the unusually mild winter experienced in 2012-2013. Management continues to monitor utility consumption in order to control costs.

Maintenance expenses increased by \$209,114 from 2012 to 2013. The primary reason for this 34.96% increase is the completion of several maintenance projects that were deferred in prior years.

Changes in total income and expense attributable to the low rent public housing program are as follows:

Low Rent Housing
Changes in Income and Expenses FY13- FY12



Years

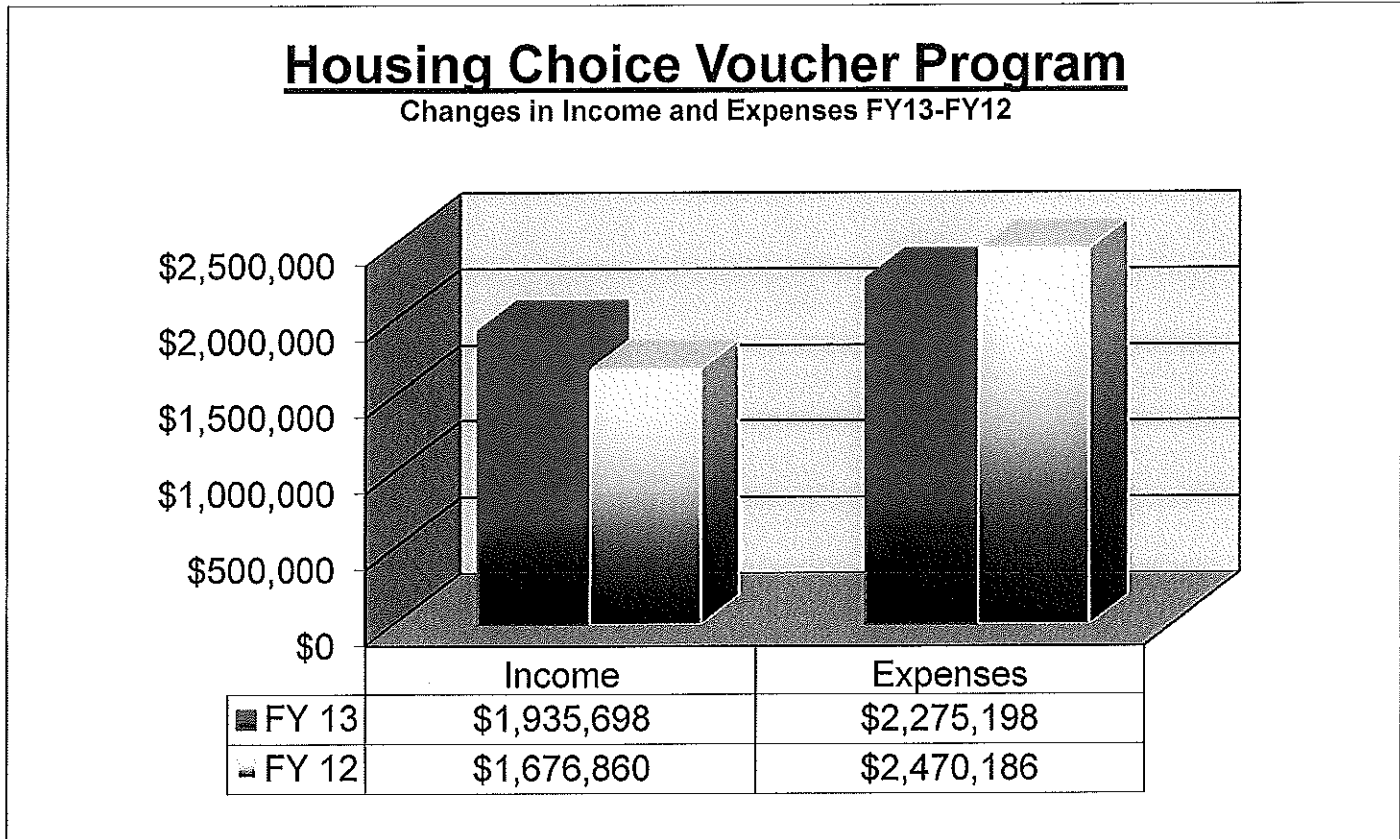
Note: Expense amounts do not include depreciation expense.

FYE 2013 LIPH operating income decreased by 1% compared to FYE 2012.

FYE 2013 LIPH operating expenditures increased by 14% compared to FYE 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Changes in total income and expense attributable to the housing choice voucher program are as follows:



Housing Choice Voucher Program expenses decreased by \$194,988 from 2012 to 2013. The average housing assistance payment increased from \$806 per unit month in 2012 to \$815 in 2013, while the number of units leased decreased from 2,593 in 2012 to 2,529 in 2013.

As previously noted, HUD subsidies under the housing choice voucher program decreased by \$173,176 as part of HUD's program to reduce net restricted assets by housing authorities nation-wide.

Management continues to monitor payment standards to provide budgetary control within the housing choice voucher program.

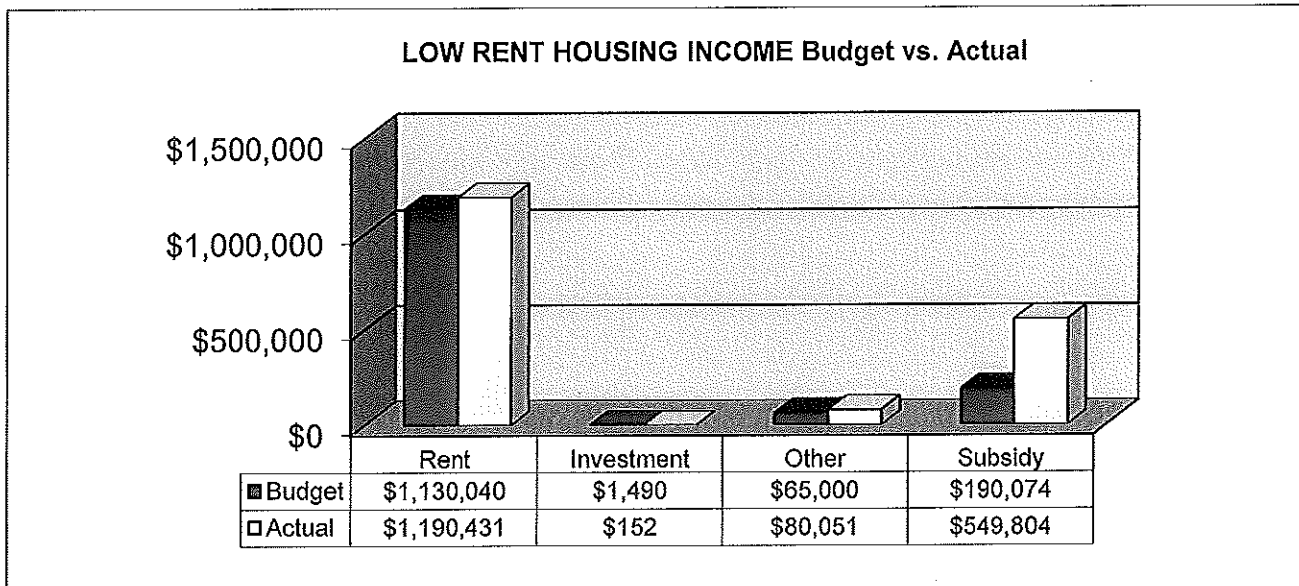
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

BUDGETS

The Authority adopts a consolidated annual operating budget for all programs which is approved and adopted by its Board of Commissioners. The budgets were used primarily as a management tool and have no legal stature. Also, the Authority adopted a comprehensive annual budget for the Public Housing Program. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

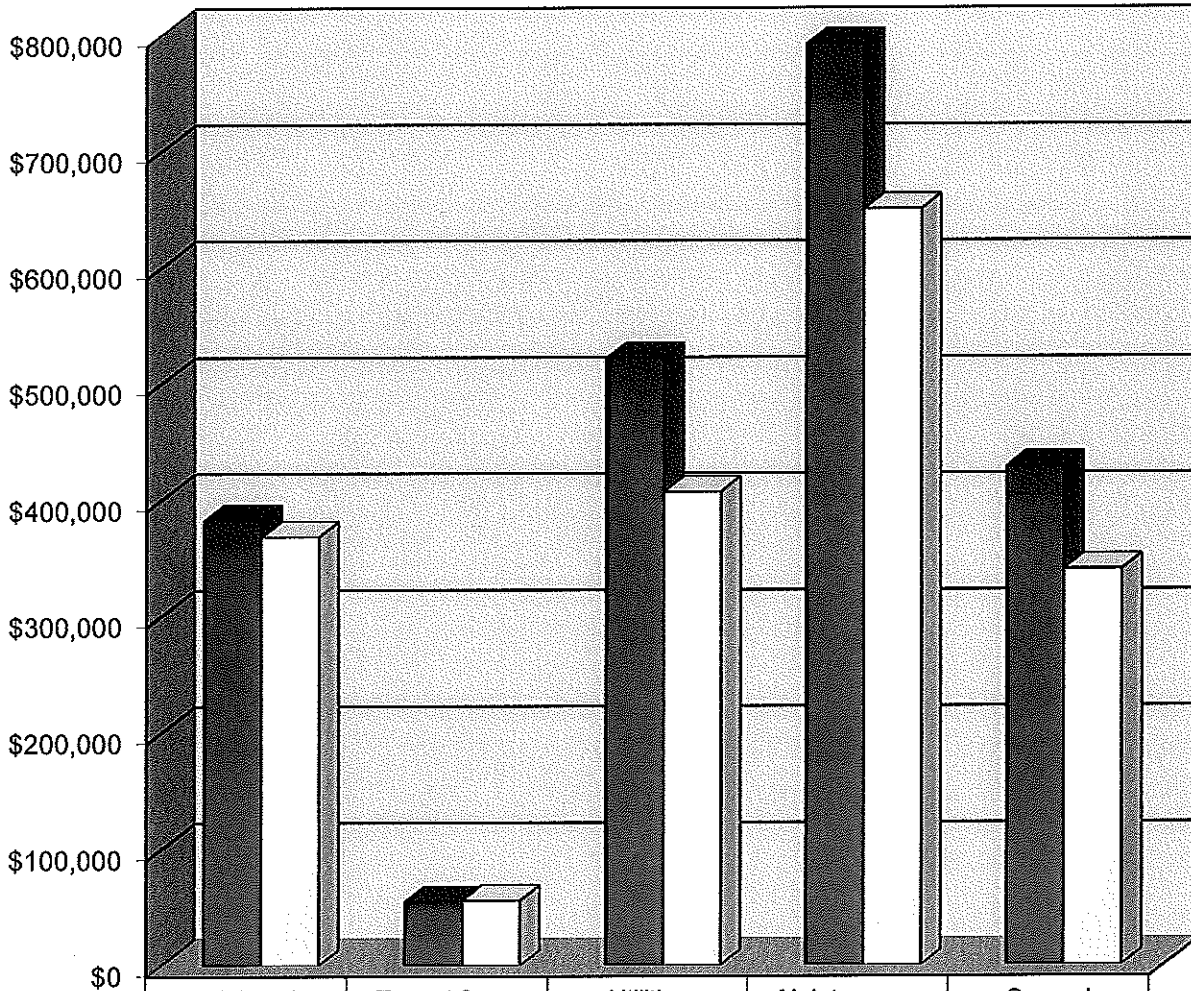
Comparison Budget vs. Actual - Low Income Public Housing

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>% Var.</u> |
|------------------------------------|------------------|------------------|------------------|----------------|
| Tenant Revenue | 1,130,040 | 1,190,431 | 60,391 | 5.34% |
| Investment Income | 1,490 | 152 | (1,338) | -89.80% |
| Other Revenue | 65,000 | 80,051 | 15,051 | 23.16% |
| Total Operating Revenue | 1,196,530 | 1,270,634 | 74,104 | 6.19% |
| Operating Expenses: | | | | |
| Administrative | 382,570 | 368,244 | (14,326) | -3.74% |
| Tenant Services | 54,700 | 55,916 | 1,216 | -2.22% |
| Utilities | 521,510 | 406,666 | (114,844) | 22.02% |
| Maintenance | 791,600 | 649,826 | (141,774) | -17.91% |
| General Expense | 428,390 | 339,868 | (88,522) | 20.66% |
| Total Operating Expenses | 2,178,770 | 1,820,520 | (358,250) | -16.44% |
| Residual Receipts/(Deficit) | (982,240) | (549,886) | 432,354 | -44.02% |
| Operating Subsidy | 190,074 | 549,804 | 359,730 | 189.26% |
| Residual Receipts/(Deficit) | (792,166) | (82) | 792,084 | -99.99% |



The table above illustrates the differences between amounts budgeted and actual income. Tenant revenue exceeded budgeted by \$60,391 while HUD's operating subsidy was \$359,730 in excess of budget. Tenant revenues increased due to normal increases in tenant income. HUD subsidies were \$359,730 higher than budgeted due to the budget anticipating recapture of operating reserves that did not occur as anticipated.

LOW RENT HOUSING EXPENDITURES Budget vs. Actual Expenditures



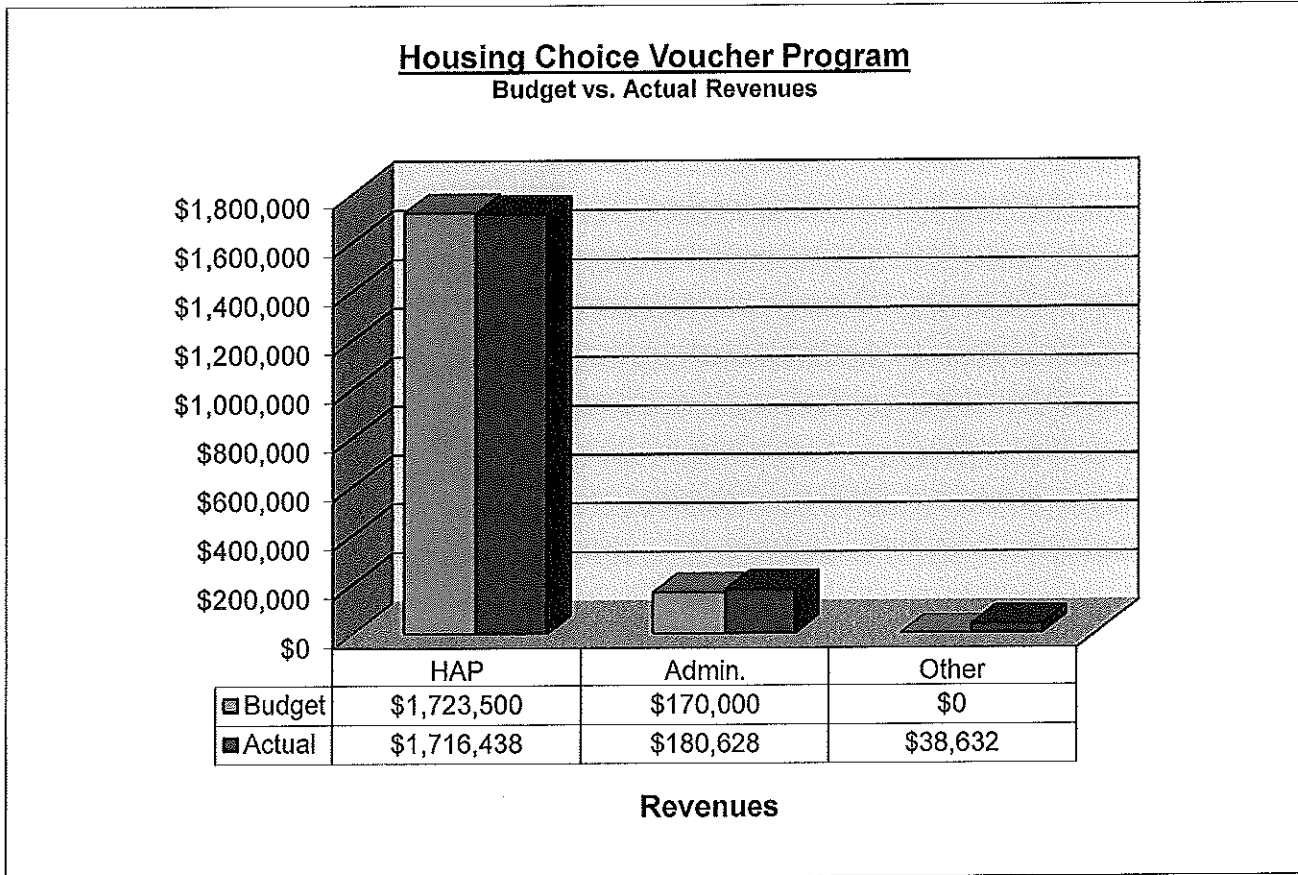
| | Administration | Tenant Svcs. | Utilities | Maintenance | General Expense |
|----------|----------------|--------------|-----------|-------------|-----------------|
| ■ Budget | \$382,570 | \$54,700 | \$521,510 | \$791,600 | \$428,390 |
| □ Actual | \$368,244 | \$55,916 | \$406,666 | \$649,826 | \$339,868 |

The table above illustrates the differences between the LIPH budgeted and actual expenses. The majority of the LIPH expenditures were consistent with or below budgeted amounts. Total maintenance expenses, as depicted above, were \$141,774 below the amount budgeted for the year ended March 31, 2013 since several extraordinary repair items budget for 2013 were not undertaken during the year. Utility expenses were \$114,844 below the amount budgeted due mainly to the unusually milder temperatures and reduced rates during the fiscal year ended March 31, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Comparison Budget vs. Actual - Housing Choice Voucher Program

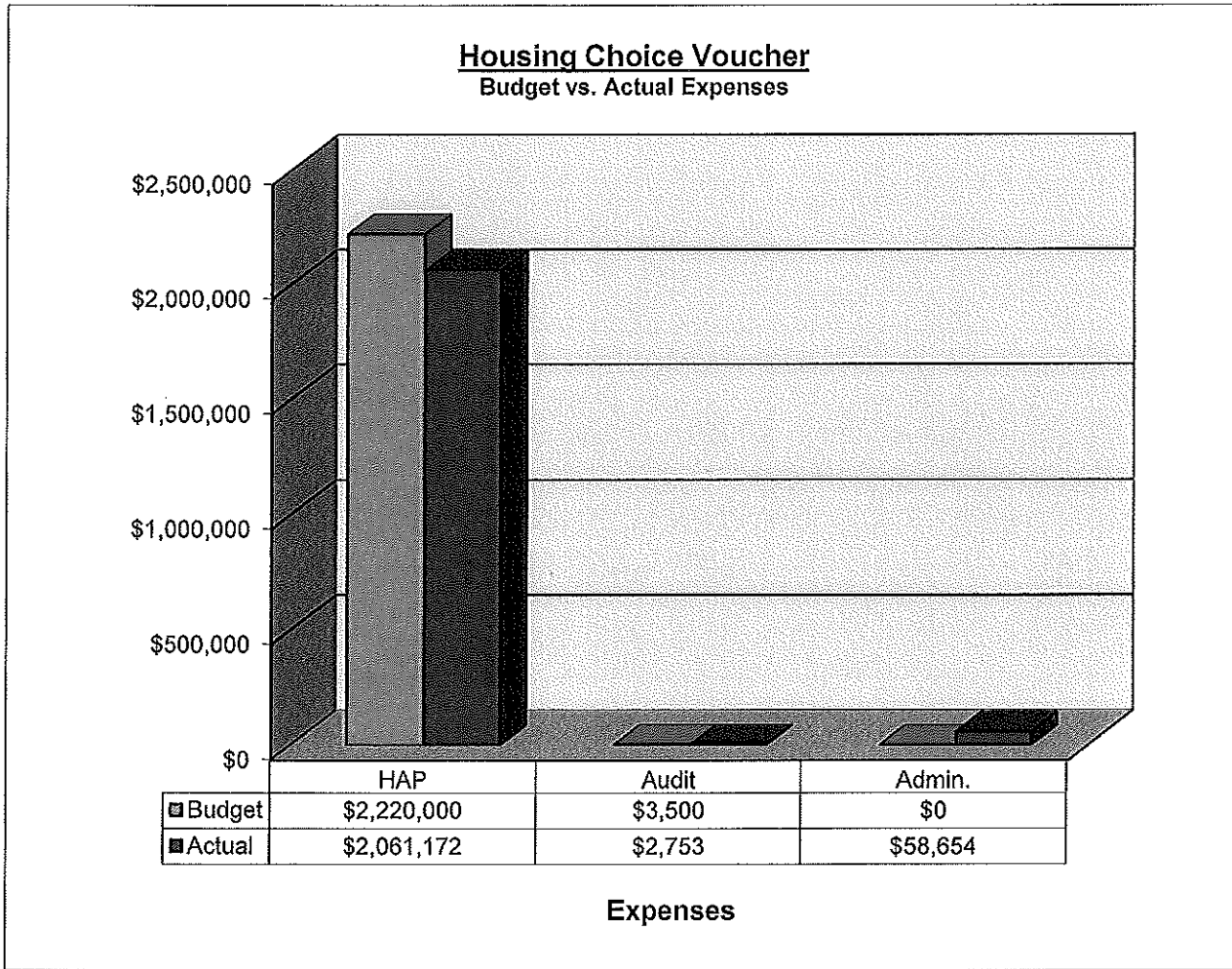
| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> | <u>% Var.</u> |
|-----------------------------|---------------------|---------------------|-------------------|----------------|
| Housing Assistance Payments | \$ 1,723,500 | \$ 1,716,438 | \$ (7,062) | -0.41% |
| Administrative Fees | 170,000 | 180,628 | 10,628 | -6.25% |
| Other Income | - | 38,632 | 38,632 | 100.00% |
| Interest Income | 1,000 | - | (1,000) | 0.00% |
| Total Revenue | <u>1,894,500</u> | <u>1,935,698</u> | <u>41,198</u> | <u>2.17%</u> |
| Operating Expenditures: | | | | |
| Housing Assistance Payments | 2,220,000 | 2,061,172 | (158,828) | -7.15% |
| Audit Costs | 3,500 | 2,753 | (747) | -21.34% |
| Ongoing Administrative | 159,310 | 152,619 | (6,691) | -4.20% |
| Other General Expense | - | 58,654 | 58,654 | 0.00% |
| Total Expenses | <u>2,382,810</u> | <u>2,275,198</u> | <u>(107,612)</u> | <u>-4.52%</u> |
| Excess / (Deficiency) | <u>\$ (488,310)</u> | <u>\$ (339,500)</u> | <u>\$ 148,810</u> | <u>100.00%</u> |



The table above illustrates the differences between budgeted and actual amounts for the Housing Choice Voucher Program.

Housing assistance payment subsidies were \$7,062 less than budget while housing assistance payments were \$158,828 under budget, resulting in a decrease of approximately \$344,212 of housing assistance payment reserves. Housing assistance payment reserves represent unspent subsidies from prior years which can only be expended to provide housing assistance payments to eligible families per HUD regulations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED



Housing assistance payments were \$158,828 under budgeted levels during the fiscal year ended March 31, 2013 as discussed above.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The following table summarizes the changes in capital assets between March 31, 2013 and 2012:

| | <u>2013</u> | <u>2012</u> | <u>Net Change</u> | |
|--------------------------|---------------------|---------------------|-------------------|---------------|
| Land | \$ 620,838 | \$ 620,838 | \$ - | 0.00% |
| Buildings & Improvements | 18,911,577 | 18,909,881 | 1,696 | 0.01% |
| Equipment & Furniture | 1,906,392 | 1,880,411 | 25,981 | 1.38% |
| Construction in Progress | 1,986,765 | 1,978,788 | 7,977 | 0.00% |
| Total | <u>23,425,572</u> | <u>23,389,918</u> | <u>35,654</u> | <u>0.15%</u> |
| Accumulated Depreciation | <u>(15,473,922)</u> | <u>(14,966,651)</u> | <u>(507,271)</u> | <u>3.39%</u> |
| Net Capital Assets | <u>\$ 7,951,650</u> | <u>\$ 8,423,267</u> | <u>(471,617)</u> | <u>-5.60%</u> |

As previously noted, the increase in capital assets is due primarily to the expenditure of capital fund grants to fund major improvements to the Authority's developments.

Debt:

During 2007, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, secured by the future capital fund grants of participating housing authorities. The Authority's share of the funds from the bond pool amounted to \$1,360,000. The related closing costs of \$49,574 are being amortized over the twenty year life of the bonds. The net funds received from the leveraging pool are restricted and must be spent in accordance with the Authority's Capital Fund budget within four years. \$1,190,000 of the bonds are outstanding at March 31, 2013, \$55,000 of which is due within one year.

As of March 31, 2013 the Authority had \$78,910 in non-current accrued compensated absences.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the Town of Secaucus, 700 County Avenue, Secaucus, NJ 07094, or call (201) 867-2957.



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Secaucus
Secaucus, New Jersey

We have audited the accompanying Comparative Statements of Net Position of the Housing Authority of the Town of Secaucus, herein referred to as the Authority, as of and for the year ended March 31, 2013 and 2012, and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Secaucus, as of March 31, 2013 and 2012, and the results of its operations, and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-10 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 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 financial statements.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the Town of Secaucus. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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 directly relate 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 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 general accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated September 26, 2013 on our consideration of the Housing Authority of the Town of Secaucus's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
September 26, 2013

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
 At March 31, 2013 and 2012

| | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
|--|-----------------------|-----------------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS</u> | | |
| Cash and Cash Equivalents - Unrestricted | \$ 1,769,114 | \$ 2,072,204 |
| Cash and Cash Equivalents - Restricted | 165,888 | 510,099 |
| Cash - Tenant Security Deposits | 106,395 | 106,354 |
| Total Cash | <u>2,041,397</u> | <u>2,688,657</u> |
| Accounts Receivable - HUD | 35,523 | 63,212 |
| Prepaid Expenses and Other Current Assets | 96,000 | 55,193 |
| Total Current Assets | <u>2,172,920</u> | <u>2,807,062</u> |
| <u>FIXED ASSETS</u> | | |
| Land | 620,838 | 620,838 |
| Buildings and Improvements | 18,911,577 | 18,909,881 |
| Furniture, Equipment and Machinery | 1,906,392 | 1,880,411 |
| Construction in Progress | 1,986,765 | 1,978,788 |
| Total Fixed Assets | <u>23,425,572</u> | <u>23,389,918</u> |
| Less: Accumulated Depreciation | <u>(15,473,922)</u> | <u>(14,966,651)</u> |
| Net Fixed Assets | 7,951,650 | 8,423,267 |
| Other Assets | 35,866 | 38,111 |
| Total Non-Current Assets | <u>7,987,516</u> | <u>8,461,378</u> |
| Total Assets | <u>\$ 10,160,436</u> | <u>\$ 11,268,440</u> |
| <u>LIABILITIES</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accounts Payable: | | |
| Vendors and Contractors | \$ 9,817 | \$ 17,671 |
| Accrued Payroll and Related Taxes | 14,250 | 27,922 |
| Security Deposits | 106,395 | 106,354 |
| Deferred Revenue | 7,016 | 4,483 |
| Current Portion of Long-Term Debt | 55,000 | 50,000 |
| Accrued Liabilities: | | |
| Compensated Absences - current portion | 8,766 | 10,064 |
| Accrued Interest Payable | 22,692 | 23,525 |
| Other Accrued Liabilities | 36,203 | 27,084 |
| Payment in Lieu of Taxes | 75,346 | 67,309 |
| Total Current Liabilities | <u>335,485</u> | <u>334,412</u> |
| Long-Term Debt, Net of Current Portion | 1,085,000 | 1,140,000 |
| Accrued Compensated Absences - Noncurrent | 78,910 | 82,407 |
| Accrued Pension and OPEB Liabilities | 74,231 | 50,795 |
| Total Liabilities | <u>1,573,626</u> | <u>1,607,614</u> |
| <u>NET POSITION</u> | | |
| Invested in Net Fixed Assets Net of Related Debt | 6,811,650 | 7,233,267 |
| Restricted | 165,888 | 510,099 |
| Unrestricted | <u>1,609,272</u> | <u>1,917,460</u> |
| Total Net Position | <u>\$ 8,586,810</u> | <u>\$ 9,660,826</u> |

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
 For the Years Ended March 31, 2013 and 2012

| | <u>For the Year Ended</u> | |
|--|---------------------------|-----------------------|
| | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
| <u>OPERATING REVENUES</u> | | |
| Tenant Rental & Other Revenue | \$ 1,190,431 | \$ 1,149,058 |
| HUD Grants - Operating | 2,388,060 | 2,638,968 |
| Other Income | <u>118,683</u> | <u>81,239</u> |
| Total Revenues | <u>3,697,174</u> | <u>3,869,265</u> |
| <u>OPERATING EXPENSES</u> | | |
| Administration | 714,668 | 652,581 |
| Housing Assistance Payments | 2,097,203 | 2,101,569 |
| Tenant Services | 55,916 | 63,974 |
| Utilities | 427,236 | 467,680 |
| Ordinary Maintenance & Operations | 807,317 | 598,203 |
| General Expense | 220,541 | 241,319 |
| Depreciation Expense | <u>507,271</u> | <u>508,760</u> |
| Total Operating Expenses | <u>4,830,152</u> | <u>4,634,086</u> |
| EXCESS OF OPERATING REVENUE OVER EXPENSES | (1,132,978) | (764,821) |
| Non Operating Revenues/(Expenses): | | |
| Interest Income | <u>152</u> | <u>1,408</u> |
| Income / (Loss) Before Contributions and Transfers | (1,132,826) | (763,413) |
| Capital Grants | <u>58,810</u> | <u>77,750</u> |
| INCREASE IN NETPOSITION | (1,074,016) | (685,663) |
| Prior Period Adjustments | - | (1,157,372) |
| BEGINNING NET POSITION | <u>9,660,826</u> | <u>11,503,861</u> |
| ENDING NET POSITION | <u>\$ 8,586,810</u> | <u>\$ 9,660,826</u> |

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
Secaucus, New Jersey
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2013 and 2012

| | For the Year Ended | |
|--|--------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| <u>CASH FLOWS FORM OPERATING ACTIVITIES</u> | | |
| Cash Received: | | |
| From Tenants for Rental & Other Income | \$ 1,193,005 | \$ 1,145,013 |
| From Government Agencies for Operating Grants | 2,415,749 | 2,631,648 |
| For Other Operating Revenues | 118,683 | 81,239 |
| Cash Paid: | | |
| To Employees for Operations | (620,461) | (527,197) |
| To Suppliers for Operations | (1,519,421) | (1,502,935) |
| For Housing Assistance Payments | (2,097,203) | (2,101,569) |
| Net Cash Provided by Operating Activities | (620,568) | (273,801) |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | |
| Capital Grants Received | 58,810 | 77,750 |
| Acquisition of Property and Equipment | (35,654) | (186,194) |
| Interest paid | (55,460) | (55,893) |
| Repayments of Long-term Debt | (50,000) | (50,000) |
| Net Cash Provided/(Used) by Capital and Related Financing Activities | (82,304) | (214,337) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Investment Income | 152 | 1,408 |
| Net Cash Provided by Investing Activities | 152 | 1,408 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (702,720) | (486,730) |
| Cash and Equivalents at Beginning of Period | 2,688,657 | 3,175,387 |
| Cash and Equivalents at End of Period | \$ 1,985,937 | \$ 2,688,657 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations | | |
| Operating Income (Loss) | \$ (1,132,978) | \$ (764,821) |
| Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities | | |
| Depreciation | 507,271 | 508,760 |
| Amortization of Prepaid Financing Costs | 2,245 | 2,479 |
| Decrease/(Increase) in Assets | | |
| Prepaid Expenses and Other Current Assets | (40,807) | (4,053) |
| Accounts Receivable - HUD | 27,689 | (7,320) |
| Increase/(Decrease) in Liabilities | | |
| Accounts Payable | (7,854) | (84,760) |
| Accrued Payroll and Related Taxes | (13,672) | (4,254) |
| Security Deposits | 41 | 3,336 |
| Compensated Absences | (4,795) | 27,115 |
| Deferred Revenue | 2,533 | (7,381) |
| Interest Payable | (833) | (823) |
| PILOT Payable | 8,037 | 5,811 |
| Other Accrued Liabilities | 9,119 | 27,084 |
| Accrued Pension and OPEB Liabilities | 23,436 | 25,026 |
| Net Cash Provided by Operating Activities | \$ (620,568) | \$ (273,801) |

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies:

1. **Organization and Activities** – The Housing Authority of The Town of Secaucus (the Authority) is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq., the “Housing Authority Act”). The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An executive director is appointed by the housing authority’s Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Town of Secaucus, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government. Rent subsidies are provided to eligible tenants under the Federal Housing Assistance Payments (Section 8) Program.

The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority’s reporting entity. The Authority has concluded that it is excluded from the Township’s reporting entity since the Township does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.

The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government over which the Authority’s Board of Commissioners and Executive Director exercise oversight responsibility. The federally funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both of which are included as Supplemental Information.

2. **Significant Accounting Policies**

- a. **Basis of Accounting** – The financial statements of the Authority are prepared using the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net assets, revenue and expenses are accounted for using a single enterprise fund for the primary government.

Revenue – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development, charges to tenants and other miscellaneous revenues discussed below.

Federal Grant Revenue – Operating subsidies, Section Eight housing assistance grants and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule or as expenditures are made under the Capital Fund Program or Comprehensive Improvements Assistance Program. Under the Section Eight Program.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

Previously, under the Section Eight Program, a year-end settlement was computed, and the over-funded or under-funded amount, if any, was considered to be an amount due to or from HUD. Currently, the Voucher Program is funded based on actual expenditures reported in the Voucher Management system (VMS). Over-funded amounts are retained by the Authority, but may only be used for Voucher Program activities and under-funded amounts must be funded from the Authority's operating reserves.

Tenant Charges – Rental charges to tenants are determined and billed monthly and are recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in the balance sheet as accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as deferred revenue.

Miscellaneous Income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available.

b. Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement NO. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that includes a statement of net assets, a statement of activities and a statement of cash flows. It requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt – This component consists of land, construction in progress and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Invested in Capital Assets, Net of Related Debt. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

Restricted Net Assets – This component includes net assets subject to restrictions placed on net asset use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This component consists of net assets that do not meet the definition of Restricted Net Assets or Invested in Capital Assets, Net of Related Debt.

The adoption of Governmental Accounting Standards Board Statements 34, 37 and 38 have no significant effect on the basic financial statements, except for the classification of net assets in accordance with Statement No. 34.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

Significant accounting policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

6 – Operating subsidies received from HUD are recorded as income when earned.

7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.

10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

11 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

13 – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

14 – Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2013, the Authority has not recognized any reduction in the carrying value of its fixed assets when considering SFAS 144.

b. Budgetary Policy and Control – The housing authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the authority's name.

Cash and Cash Equivalents (including tenant security deposits) of \$2,688,657 and \$3,175,387 at March 31, 2012 and 2011, respectively, consisted of the following:

| | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
|--------------------------|-----------------------|-----------------------|
| Checking Accounts | \$ 1,930,072 | \$ 2,577,377 |
| Tenant Security Deposits | 106,395 | 106,354 |
| Savings Accounts and CDs | 4,830 | 4,826 |
| Petty Cash | 100 | 100 |
| | <u>\$ 2,041,397</u> | <u>\$ 2,688,657</u> |

The carrying amount of the Authority's cash and cash equivalents on deposit at banks as of March 31, 2013 was \$2,041,397 and the bank balances were \$2,056,607. Of the bank balances, \$276,768 was covered by FDIC insurance and \$1,799,839 was covered by a collateral pool maintained by the banks as required by New Jersey statutes. Cash equivalents, except petty cash are held in the Authority's name. The Authority's cash and cash equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority. As described above, \$1,799,839 of the authority's deposits exceeded FDIC insurance and are covered under New Jersey's Governmental Unit Deposit Protection Act (GUDPA) which collateralizes securities held by the pledging institutions trust department but are not in the Authority's name.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE 3 – Deferred Income

Deferred income of \$7,016 at March 31, 2013 consists of \$5,486 of deferred operating subsidy and \$1,530 of tenant prepaid rent. Deferred income of \$4,483 at March 31, 2012 was tenant prepaid rent.

NOTE 4 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the changes in general fixed assets for the fiscal year ended March 31, 2013 and 2012:

| | Apr. 1, 2012 | Additions | Disposals | Transfers/Other | Mar. 31, 2013 |
|----------------------------|--------------|--------------|-----------|-----------------|---------------|
| Land | \$ 620,838 | \$ - | \$ - | \$ - | \$ 620,838 |
| Buildings and Improvements | 18,909,881 | 1,696 | - | - | 18,911,577 |
| Dwelling Equipment | 605,829 | 2,290 | - | (29,525) | 578,594 |
| Furniture and Equipment | 1,274,582 | 23,691 | - | 29,525 | 1,327,798 |
| Construction in Progress | 1,978,788 | 7,977 | - | - | 1,986,765 |
| Total Fixed Assets | 23,389,918 | 35,654 | - | - | 23,425,572 |
| Accumulated Depreciation | (14,966,651) | (507,271) | - | - | (15,473,922) |
| Net Fixed Assets | \$ 8,423,267 | \$ (471,617) | \$ - | \$ - | \$ 7,951,650 |

| | Apr. 1, 2011 | Additions | Disposals | Transfers/Other | Mar. 31, 2012 |
|----------------------------|--------------|--------------|-----------|-----------------|---------------|
| Land | \$ 620,838 | \$ - | \$ - | \$ - | \$ 620,838 |
| Buildings and Improvements | 18,223,011 | 38,533 | - | 648,337 | 18,909,881 |
| Dwelling Equipment | 574,905 | 27,750 | - | 3,174 | 605,829 |
| Furniture and Equipment | 1,248,314 | 27,984 | - | (1,716) | 1,274,582 |
| Construction in Progress | 2,536,656 | 91,927 | - | (649,795) | 1,978,788 |
| Total Fixed Assets | 23,203,724 | 186,194 | - | - | 23,389,918 |
| Accumulated Depreciation | (14,457,891) | (508,760) | - | - | (14,966,651) |
| Net Fixed Assets | \$ 8,745,833 | \$ (322,566) | \$ - | \$ - | \$ 8,423,267 |

Depreciation expense for the fiscal years ended March 31, 2013 and 2012 amounted to \$511,317 and \$508,760, respectively.

Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$500 are expensed when incurred.

Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

| | <u>Years</u> |
|--------------|--------------|
| Buildings | 40 |
| Improvements | 15 |
| Furniture | 5-10 |
| Equipment | 5-20 |
| Vehicles | 5 |
| Computers | 3 |

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE 5 – Payment in Lieu of Taxes (PILOT)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Township. Under the Cooperation Agreement, the Authority must pay the Township the lower of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2013 and 2012, PILOT expense was accrued in the amount of \$76,444 and \$68,406, respectively.

NOTE 6 – Accrued Compensated Absences

Accrued compensated absences of \$87,676 and \$92,471 at March 31, 2013 and 2012, respectively, represent amounts of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may carry over up to two weeks of vacation each year; any such vacation not taken in the second year shall be lost. Employees may be compensated for accrued vacation leave earned in the current year only in the event of retirement or termination of service. Employees may be compensated for sick leave at retirement at the rate of one day for every two days accumulated, payable at the salary rate earned at the time of separation.

NOTE 7 – Pension Plan

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system. Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority. The Authority's contributions to the pension plan for, 2013 and 2012 were \$49,685 and \$71,605, respectively.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

NOTE 8 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the year ended March 31, 2013, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE 9 – Construction Commitments

At March 31, 2013, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

NOTE 10 – Economic Dependency

For the year ended March 31, 2013, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

NOTE 11 – Restricted Net Assets

Restricted Net Assets at March 31, 2013 and 2012 consists of the following two components:

| | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
|---|-----------------------|-----------------------|
| Proceeds from Borrowings to be used | | |
| only for budgeted Capital Fund Programs | \$ 21,938 | \$ 21,937 |
| Housing Assistance Payment Equity | 143,950 | 488,162 |
| | \$ 165,888 | \$ 510,099 |

Capital Fund Program Restricted Net Assets

As detailed in Note 13, the Authority borrowed \$1,360,000 during the fiscal year ended March 31, 2008 under its capital fund leveraging program. The proceeds of these borrowings are restricted for use and may only be expended on projects included in the Authority's capital fund budget. The balance of unexpended funds borrowed totaled \$21,937 and \$165,579 at March 31, 2012 and 2011, respectively. This amount is included in restricted net assets. Also, under the capital fund leveraging program (a cost reimbursement grant) revenue and accounts receivable were recorded as funds were expended and reimbursable by future capital grant funding. As of March 31, 2011 accounts receivable of \$1,155,089 were included in restricted net assets. During the fiscal year ended March 31, 2012, the housing authority changed its method of accounting for its capital fund financing program in accordance with accounting policies preferred by the United States Department of Housing and Urban Development. During the fiscal year ended March 31, 2013, grants received for payment of debt incurred under its capital fund leveraging program are recorded as revenue in the year in which the grant is approved and paid.

Housing Assistance Payment Equity

Prior to January 1, 2005 excess funds advanced by HUD to the Authority for the payment of housing assistance payments were returned to HUD at the end of the Authority's fiscal year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of Housing Assistance Payments that are not so utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. As of November 2007, HUD is reverting to treating these funds as restricted in order to comply with generally accepted accounting principles. HUD has indicated that any HAP amounts received by a PHA and not expended should be reported as restricted cash and restricted net assets.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE 11 – Restricted Net Assets (continued)

Housing Assistance Payment Equity (continued)

Administrative fees paid by HUD to the Authority in excess of administrative expenses are part of the undesignated fund balance and are considered to be "administrative fee reserves". Administrative fee reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR982.155 – i.e. "other housing purposes permitted by state or local law". Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant-based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

In accordance with HUD requirements, the Authority's restricted and unrestricted fund balance consists of the following components as of March 31, 2013 and 2012:

| | | | |
|--|----|-----------|-------------------|
| Administrative Fee Equity - included in Unrestricted Net Assets | | | |
| Administrative Fee Reserves at March 31, 2012 | \$ | 135,462 | |
| Net Administrative Fee Reserves Expended FYE March 31, 2013 | | 9,737 | |
| Interest income on Administrative Fee Reserves | | - | |
| Fraud Recoveries - FYE March 31, 2013 | | 523 | \$ 145,722 |
| <hr/> | | | |
| Housing Assistance Payment Reserves - included in Restricted Net Assets | | | |
| Housing Assistance Payment Reserves at March 31, 2012 | | 488,162 | |
| Unexpended HAP Subsidy - FYE March 31, 2013 | | (344,734) | |
| Interest income on Housing Assistance Payments Reserves | | - | |
| Fraud Recoveries - FYE March 31, 2013 | | 522 | 143,950 |
| <hr/> | | | |
| Total HCV Program Net Assets | | | \$ 289,672 |
| <hr/> | | | |
| Administrative Fee Equity - included in Unrestricted Net Assets | | | |
| Administrative Fee Reserves at March 31, 2011 | \$ | 141,944 | |
| Net Administrative Fee Reserves Expended FYE March 31, 2012 | | (7,391) | |
| Interest income on Administrative Fee Reserves | | 381 | |
| Fraud Recoveries - FYE March 31, 2012 | | 528 | \$ 135,462 |
| <hr/> | | | |
| Housing Assistance Payment Reserves - included in Restricted Net Assets | | | |
| Housing Assistance Payment Reserves at March 31, 2011 | | 674,243 | |
| Unexpended HAP Subsidy - FYE March 31, 2012 | | (186,608) | |
| Interest income on Housing Assistance Payments Reserves | | - | |
| Fraud Recoveries - FYE March 31, 2012 | | 527 | 488,162 |
| <hr/> | | | |
| Total HCV Program Net Assets | | | \$ 623,624 |

Note 12 – Notes Payable

During the fiscal year ending March 31, 2008, the authority has entered into a capital fund leveraging pool. The New Jersey Housing and Mortgage finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2007 Series A. On August 2, 2007, the Authority's share of the funds from the bond issued pool amounted to \$1,360,000 which bears a variable interest rate between four and five percent. The related closing costs of \$49,575 are to be amortized over the life of the bonds. The net

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

Note 12 – Notes Payable (Continued)

funds received from the leveraging pool of \$1,834,390 are restricted and must be spent in accordance with the Authority's Capital Fund Leveraging budget. For the fiscal years ended March 31, 2013 and 2012, the Authority earned restricted interest of \$0 and \$16, respectively. Repayment of the funds leveraged shall be budgeted from Capital Fund Allocations received by the Authority from the Department of Housing and Urban Development. The following is a schedule of the required principal payments for the next five years and thereafter:

| <u>PAYMENTS DUE</u> <u>FYE MARCH 31,</u> | <u>PRINCIPAL</u> <u>PAYMENT</u> | <u>INTEREST</u> <u>PAYMENT</u> | <u>TOTAL</u> <u>PAYMENT</u> |
|---|------------------------------------|-----------------------------------|--------------------------------|
| 2014 | 55,000 | 53,346 | 108,346 |
| 2015 | 55,000 | 51,091 | 106,091 |
| 2016 | 60,000 | 48,690 | 108,690 |
| 2017 | 60,000 | 46,155 | 106,155 |
| 2018 | 65,000 | 43,483 | 108,483 |
| 2019-2023 | 370,000 | 166,187 | 536,187 |
| 2024-2028 | 475,000 | 61,444 | 536,444 |
| TOTAL | \$ 1,140,000 | \$ 470,396 | \$ 1,610,396 |

Long-term liabilities of the housing authority outstanding during the fiscal year ended March 31, 2013 consisted of the following:

| | <u>April 1, 2012</u> | <u>Additions</u> | <u>Payments</u> | <u>Withdrawals</u> | <u>Forfeitures</u> | <u>March 31, 2013</u> |
|--|----------------------|------------------|--------------------|--------------------|--------------------|-----------------------|
| CFFP Loan | \$ 1,190,000 | \$ - | \$ (50,000) | \$ - | \$ - | \$ 1,140,000 |
| Compensated Absences | 92,471 | - | (4,795) | - | - | 87,676 |
| Accrued OPEB Liability | 50,795 | 23,436 | - | - | - | 74,231 |
| | <u>\$ 1,333,266</u> | <u>\$ 23,436</u> | <u>\$ (54,795)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,301,907</u> |
| Less Current Portion of CFFP Loan | | | | | | (55,000) |
| Less Current Portion of Compensated Absences | | | | | | (8,766) |
| Total Non Current Liabilities | | | | | | <u>\$ 1,238,141</u> |

NOTE 13 – Other Post Employment Retirement Benefits (OPEB)

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Authority's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of employer ("ARC"), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE 13 – Other Post Employment Retirement Benefits (OPEB) (Continued)

The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

| | |
|--|----------|
| Annual Required Contribution | \$74,734 |
| Interest on net OPEB obligation | 2,540 |
| Adjustment to annual required contribution | -0- |
| Annual OPEB cost (expense) | \$77,274 |
| Contributions made | 53,837 |
| Increase in net OPEB obligation | \$23,437 |
| Net OPEB Obligation – beginning of year | 50,795 |
| Net OPEB Obligation – end of year | \$74,232 |

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year and the two preceding years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| 6/30/2011 | \$25,769 | 0.00 | \$25,769 |
| 6/30/2012 | \$232,731 | 0.00 | \$50,795 |
| 6/30/2013 | \$23,437 | 0.00 | \$74,232 |

FUNDED STATUS AND FUNDING PROGRESS

As of March 31, 2013, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$1,321,360, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAL) of \$1,321,360. The covered payroll (annual payroll of active employees covered by the plan) was \$360,417 and the ratio of the UAAL to covered payroll was not computed since benefit and retiree rates were not based on payroll.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

EFFECT OF 1% CHANGE IN HEALTHCARE TREND RATES

In the event that healthcare trend rates were 1% higher than forecast and employee contributions increased at the forecast rates, the Actuarial Accrued Liability would increase to \$1,506,064 or by 14.0% and the corresponding Normal Cost would increase to \$26,718.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE 13 – Other Post Employment Retirement Benefits (OPEB) (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

| | |
|---------------------------|-----------------------|
| Actuarial Cost Method | Projected Unit Credit |
| Investment Rate of Return | 5.00% per annum |

Healthcare Trend Rates Used are as follows:

| Year | Medical Including Prescription |
|---------|--------------------------------|
| FY 2009 | Costs are Known |
| FY 2010 | Costs are Known |
| FY 2011 | 9.0% |
| FY 2012 | 8.0% |
| FY 2013 | 7.0% |
| FY 2014 | 6.0% |
| FY 2015 | 5.0% |
| FY 2016 | 5.0% |

Actuarial Value of Assets: Market Value

Amortization of UAAL: Amortized as level dollar amount over 30 years at transition

Remaining Amortization Period: 30 years at April 1, 2013

Reconciliation of Plan Participation

| Active Employees | April 1, 2013 | April 1, 2012 |
|------------------------|---------------|---------------|
| A. Average Age of Hire | 39.7 | 39.7 |
| B. Average Service | 10.9 | 11.9 |
| C. Average Current Age | 50.6 | 51.6 |

Note 14 – Prior Period Adjustment

There were no prior period adjustments during the fiscal year ended March 31, 2013.

During the fiscal year ended March 31, 2012, the Authority made an adjustment to reduce beginning equity by \$1,157,372. The entry was recorded to write-off accounts receivable from HUD related to its capital fund financing program in accordance with accounting policies preferred by the United States Department of Housing and Urban Development.

Note 15 – Subsequent Events

The Authority has evaluated subsequent events through September 26, 2013, the date the financial statements were available to be issued.

Secaucus Housing Authority (NJ083)
 SECAUCUS, NJ

Financial Data Schedule - Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

| | Project Total | 14,871 Housing Choice Vouchers | COCC | Subtotal | ELIM | Total |
|--|---------------|--------------------------------|-----------|-------------|------|-------------|
| 111 Cash - Unrestricted | \$1,253,375 | \$156,959 | \$358,780 | \$1,769,114 | | \$1,769,114 |
| 112 Cash - Restricted - Modernization and Development | | | | | | |
| 113 Cash - Other Restricted | \$21,938 | \$143,950 | | \$165,888 | | \$165,888 |
| 114 Cash - Tenant Security Deposits | \$106,395 | | | \$106,395 | | \$106,395 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | |
| 100 Total Cash | \$1,381,708 | \$300,909 | \$358,780 | \$2,041,397 | | \$2,041,397 |
| 121 Accounts Receivable - PHA Projects | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | \$35,523 | | | \$35,523 | | \$35,523 |
| 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 | | \$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 | \$35,523 | \$0 | \$0 | \$35,523 | | \$35,523 |
| 131 Investments - Unrestricted | | | | | | |
| 132 Investments - Restricted | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | |
| 142 Prepaid Expenses and Other Assets | \$64,197 | \$8,616 | \$23,187 | \$96,000 | | \$96,000 |
| 143 Inventories | | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | | |
| 144 Inter Program Due From | | | | | | |
| 145 Assets Held for Sale | | | | | | |

Secaucus Housing Authority (NJ083)
 SECAUCUS, NJ

Financial Data Schedule - Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133.

Fiscal Year End: 03/31/2013

| | Project Total | 14,871 Housing Choice Vouchers | COCC | Subtotal | ELIM | Total |
|---|----------------|--------------------------------|-------------|----------------|------|----------------|
| 150 Total Current Assets | \$1,481,428 | \$309,525 | \$381,967 | \$2,172,920 | | \$2,172,920 |
| 161 Land | \$620,838 | | | \$620,838 | | \$620,838 |
| 162 Buildings | \$18,911,577 | | | \$18,911,577 | | \$18,911,577 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$528,594 | | \$50,000 | \$578,594 | | \$578,594 |
| 164 Furniture, Equipment & Machinery - Administration | \$998,124 | \$4,808 | \$324,866 | \$1,327,798 | | \$1,327,798 |
| 165 Leasehold Improvements | \$0 | | | \$0 | | \$0 |
| 166 Accumulated Depreciation | (\$15,113,490) | -4,808 | (\$355,624) | (\$15,473,922) | | (\$15,473,922) |
| 167 Construction in Progress | \$1,986,765 | | | \$1,986,765 | | \$1,986,765 |
| 168 Infrastructure | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$7,932,408 | \$0 | \$19,242 | \$7,951,650 | | \$7,951,650 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | |
| 173 Grants Receivable - Non Current | | | | | | |
| 174 Other Assets | \$35,866 | | | \$35,866 | | \$35,866 |
| 176 Investments in Joint Ventures | | | | | | |
| 180 Total Non-Current Assets | \$7,968,274 | \$0 | \$19,242 | \$7,987,516 | | \$7,987,516 |
| 190 Total Assets | \$9,449,702 | \$309,525 | \$401,209 | \$10,160,436 | | \$10,160,436 |
| 311 Bank Overdraft | | | | | | |
| 312 Accounts Payable <= 90 Days | \$9,817 | | | \$9,817 | | \$9,817 |
| 313 Accounts Payable >90 Days Past Due | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | \$10,324 | \$1,069 | \$2,857 | \$14,250 | | \$14,250 |
| 322 Accrued Compensated Absences - Current Portion | \$6,229 | \$1,083 | \$1,454 | \$8,766 | | \$8,766 |
| 324 Accrued Contingency Liability | | | | | | |
| 325 Accrued Interest Payable | | | | | | |
| 331 Accounts Payable - HUD PHA Programs | \$22,692 | | | \$22,692 | | \$22,692 |

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data Schedule - Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

| | Project Total | 14.871 Housing Choice Vouchers | COCC | Subtotal | ELIM | Total |
|---|---------------|--------------------------------------|-----------|--------------|------|--------------|
| 332 Account Payable - PHA Projects | | | | | | |
| 333 Accounts Payable - Other Government | \$75,346 | | | \$75,346 | | \$75,346 |
| 341 Tenant Security Deposits | \$106,395 | | | \$106,395 | | \$106,395 |
| 342 Deferred Revenues | \$7,016 | | | \$7,016 | | \$7,016 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | \$55,000 | | | \$55,000 | | \$55,000 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | |
| 345 Other Current Liabilities | | | | | | |
| 346 Accrued Liabilities - Other | \$36,203 | | | \$36,203 | | \$36,203 |
| 347 Inter Program - Due To | | | | | | |
| 348 Loan Liability - Current | | | | | | |
| 310 Total Current Liabilities | \$329,022 | \$2,152 | \$4,311 | \$335,485 | | \$335,485 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | \$1,085,000 | | | \$1,085,000 | | \$1,085,000 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | |
| 353 Non-current Liabilities - Other | | | | | | |
| 354 Accrued Compensated Absences - Non Current | \$56,058 | \$9,743 | \$13,109 | \$78,910 | | \$78,910 |
| 355 Loan Liability - Non Current | | | | | | |
| 356 FASB 5 Liabilities | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | \$43,697 | \$13,506 | \$17,028 | \$74,231 | | \$74,231 |
| 350 Total Non-Current Liabilities | \$1,184,755 | \$23,249 | \$30,137 | \$1,238,141 | | \$1,238,141 |
| 300 Total Liabilities | \$1,513,777 | \$25,401 | \$34,448 | \$1,573,626 | | \$1,573,626 |
| 508.1 Invested in Capital Assets, Net of Related Debt | \$6,792,408 | | \$19,242 | \$6,811,650 | | \$6,811,650 |
| 511.1 Restricted Net Assets | \$21,938 | \$145,950 | \$0 | \$165,888 | | \$165,888 |
| 512.1 Unrestricted Net Assets | \$1,121,579 | \$140,174 | \$347,519 | \$1,609,272 | | \$1,609,272 |
| 513 Total Equity/Net Assets | \$7,935,925 | \$284,124 | \$366,761 | \$8,586,810 | | \$8,586,810 |
| 600 Total Liabilities and Equity/Net Assets | \$9,449,702 | \$309,525 | \$401,209 | \$10,160,436 | | \$10,160,436 |

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data Schedule - Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

| | Project Total | 14,871 Housing Choice Vouchers | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|-----------|-------------|------------|-------------|
| 70300 Net Tenant Rental Revenue | \$1,174,922 | | | \$1,174,922 | | \$1,174,922 |
| 70400 Tenant Revenue - Other | \$15,509 | | | \$15,509 | | \$15,509 |
| 70500 Total Tenant Revenue | \$1,190,431 | \$0 | \$0 | \$1,190,431 | \$0 | \$1,190,431 |
| 70600 HUD PHA Operating Grants | \$490,994 | \$1,897,066 | | \$2,388,060 | | \$2,388,060 |
| 70610 Capital Grants | \$58,810 | | | \$58,810 | | \$58,810 |
| 70710 Management Fee | | | \$218,387 | \$218,387 | -\$218,387 | \$0 |
| 70720 Asset Management Fee | | | \$32,840 | \$32,840 | -\$32,840 | \$0 |
| 70730 Book Keeping Fee | | | \$43,598 | \$43,598 | -\$43,598 | \$0 |
| 70740 Front Line Service Fee | | | | | | |
| 70750 Other Fees | | | | | | |
| 70700 Total Fee Revenue | \$145 | | \$294,825 | \$294,825 | -\$294,825 | \$0 |
| 70800 Other Government Grants | | | | | | |
| 71100 Investment Income - Unrestricted | \$145 | | \$9 | \$152 | | \$152 |
| 71200 Mortgage Interest Income | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | |
| 71400 Fraud Recovery | \$6,572 | \$1,045 | | \$7,617 | | \$7,617 |
| 71500 Other Revenue | \$48,479 | \$37,587 | \$25,000 | \$111,066 | | \$111,066 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | |
| 72000 Investment Income - Restricted | | | | | | |
| 70000 Total Revenue | \$1,795,429 | \$1,935,698 | \$319,834 | \$4,050,961 | -\$294,825 | \$3,756,136 |
| 91100 Administrative Salaries | \$130,886 | \$52,814 | \$143,034 | \$326,734 | | \$326,734 |
| 91200 Auditing Fees | \$4,600 | \$2,753 | \$4,743 | \$12,096 | | \$12,096 |
| 91300 Management Fee | \$218,387 | | | \$218,387 | -\$218,387 | \$0 |
| 91310 Book-keeping Fee | \$24,630 | \$18,968 | | \$43,598 | -\$43,598 | \$0 |

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data Schedule - Entry Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

| | Project Total | 14.871 Housing Choice Vouchers | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|-----------|-----------|------------|-----------|
| 91400 Advertising and Marketing | | | | | | |
| 91500 Employee Benefit Contributions - Administrative | \$90,058 | \$59,258 | \$87,122 | \$236,438 | | \$236,438 |
| 91600 Office Expenses | \$15,796 | \$16,241 | \$61,086 | \$93,123 | | \$93,123 |
| 91700 Legal Expense | \$4,056 | \$4,416 | \$15,257 | \$23,729 | | \$23,729 |
| 91800 Travel | \$513 | \$922 | \$1,929 | \$3,364 | | \$3,364 |
| 91810 Allocated Overhead | | | | | | |
| 91900 Other | \$19,184 | | | \$19,184 | | \$19,184 |
| 91000 Total Operating - Administrative | \$508,110 | \$155,372 | \$313,171 | \$976,653 | -\$261,985 | \$714,668 |
| 92000 Asset Management Fee | \$32,840 | | | \$32,840 | -\$32,840 | \$0 |
| 92100 Tenant Services - Salaries | \$32,029 | | | \$32,029 | | \$32,029 |
| 92200 Relocation Costs | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | \$23,221 | | | \$23,221 | | \$23,221 |
| 92400 Tenant Services - Other | \$666 | | | \$666 | | \$666 |
| 92500 Total Tenant Services | \$55,916 | \$0 | \$0 | \$55,916 | \$0 | \$55,916 |
| 93100 Water | \$48,009 | | | \$48,009 | | \$48,009 |
| 93200 Electricity | \$285,750 | | | \$285,750 | | \$285,750 |
| 93300 Gas | \$25,938 | | | \$25,938 | | \$25,938 |
| 93400 Fuel | | | | | | |
| 93500 Labor | \$29,183 | | | \$29,183 | | \$29,183 |
| 93600 Sewer | \$17,786 | | | \$17,786 | | \$17,786 |
| 93700 Employee Benefit Contributions - Utilities | \$20,570 | | | \$20,570 | | \$20,570 |
| 93800 Other Utilities Expense | | | | | | |
| 93000 Total Utilities | \$427,236 | \$0 | \$0 | \$427,236 | \$0 | \$427,236 |
| 94100 Ordinary Maintenance and Operations - Labor | \$216,283 | | | \$216,283 | | \$216,283 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$74,089 | | | \$74,089 | | \$74,089 |

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data Schedule - Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

| | Project Total | 14.871 Housing Choice Vouchers | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|----------|-----------|------|-----------|
| 94300 Ordinary Maintenance and Operations Contracts | \$217,504 | | | \$217,504 | | \$217,504 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$157,491 | | | \$157,491 | | \$157,491 |
| 94000 Total Maintenance | \$665,367 | \$0 | \$0 | \$665,367 | \$0 | \$665,367 |
| 95100 Protective Services - Labor | | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | | |
| 95300 Protective Services - Other | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | \$27,711 | | | \$27,711 | | \$27,711 |
| 96120 Liability Insurance | \$13,855 | | | \$13,855 | | \$13,855 |
| 96130 Workmen's Compensation | \$13,855 | \$2,844 | \$14,732 | \$31,431 | | \$31,431 |
| 96140 All Other Insurance | | | | | | |
| 96100 Total Insurance Premiums | \$55,421 | \$2,844 | \$14,732 | \$72,997 | \$0 | \$72,997 |
| 96200 Other General Expenses | \$2,596 | \$17,839 | | \$20,435 | | \$20,435 |
| 96210 Compensated Absences | -\$11,884 | \$1,940 | \$5,149 | -\$4,795 | | -\$4,795 |
| 96300 Payments in Lieu of Taxes | \$76,444 | | | \$76,444 | | \$76,444 |
| 96400 Bad debt - Tenant Rents | | | | | | |
| 96500 Bad debt - Mortgages | | | | | | |
| 96600 Bad debt - Other | | | | | | |
| 96800 Severance Expense | | | | | | |
| 96000 Total Other General Expenses | \$67,156 | \$19,779 | \$5,149 | \$92,084 | \$0 | \$92,084 |
| 96710 Interest of Mortgage (or Bonds) Payable | \$55,460 | | | \$55,460 | | \$55,460 |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$55,460 | \$0 | \$0 | \$55,460 | \$0 | \$55,460 |

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data Schedule - Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

| | Project Total | 14.871 Housing Choice Vouchers | COCC | Subtotal | ELIM | Total |
|---|---------------|--------------------------------|-----------|-------------|------------|-------------|
| 96900 Total Operating Expenses | \$1,867,506 | \$177,995 | \$333,052 | \$2,378,553 | -\$294,825 | \$2,083,728 |
| 97000 Excess of Operating Revenue over Operating Expenses | -\$72,077 | \$1,757,703 | -\$13,218 | \$1,672,408 | \$0 | \$1,672,408 |
| 97100 Extraordinary Maintenance | \$141,950 | | | \$141,950 | | \$141,950 |
| 97200 Casualty Losses - Non-capitalized | | | | | | |
| 97300 Housing Assistance Payments | | \$2,061,172 | | \$2,061,172 | | \$2,061,172 |
| 97350 HAP Portability-In | | \$36,031 | | \$36,031 | | \$36,031 |
| 97400 Depreciation Expense | \$505,574 | | \$1,697 | \$507,271 | | \$507,271 |
| 97500 Fraud Losses | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | |
| 90000 Total Expenses | \$2,515,030 | \$2,275,198 | \$334,749 | \$5,124,977 | -\$294,825 | \$4,830,152 |
| 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 | \$0 | \$0 | \$0 | \$0 |

Secaucus Housing Authority (NJ083)
 SECAUCUS, NJ

Financial Data Schedule - Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

| | Project Total | 14.871 Housing Choice Vouchers | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|-----------|---------------|------|---------------|
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$728,151 | -\$339,500 | -14,915 | (\$1,074,016) | \$0 | (\$1,074,016) |
| 11020 Required Annual Debt Principal Payments | \$50,000 | \$0 | \$0 | \$50,000 | \$0 | \$50,000 |
| 11030 Beginning Equity | \$8,655,526 | \$623,624 | \$381,676 | \$9,660,826 | \$0 | \$9,660,826 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | | | | | |
| 11050 Changes in Compensated Absence Balance | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | |
| 11170 Administrative Fee Equity | \$140,174 | \$140,174 | | \$140,174 | | \$140,174 |
| 11180 Housing Assistance Payments Equity | \$143,950 | \$143,950 | | \$143,950 | | \$143,950 |
| 11190 Unit Months Available | 3300 | 3000 | 0 | 6300 | 0 | 6300 |
| 11210 Number of Unit Months Leased | 3284 | 2529 | 0 | 5813 | 0 | 5813 |
| 11270 Excess Cash | \$917,710 | | | \$917,710 | | \$917,710 |
| 11610 Land Purchases | \$0 | | \$0 | \$0 | | \$0 |
| 11620 Building Purchases | \$8,810 | | \$0 | \$8,810 | | \$8,810 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | | \$0 | \$0 | | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | | \$0 | \$0 | | \$0 |
| 11650 Leasehold Improvements Purchases | \$0 | | \$0 | \$0 | | \$0 |
| 11660 Infrastructure Purchases | \$0 | | \$0 | \$0 | | \$0 |
| 13510 CFFP Debt Service Payments | \$108,056 | | \$0 | \$108,056 | | \$108,056 |
| 13901 Replacement Housing Factor Funds | \$0 | | \$0 | \$0 | | \$0 |

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS
 As of March 31, 2013

| | <u>NJ39P08350109</u> <u>CFP 2009 GRANT</u> | <u>NJ39P08350110</u> <u>CFP 2010 GRANT</u> | <u>TOTAL</u> |
|---------------------------------|---|---|----------------|
| Funds Approved | \$ 342,729 | \$ 339,429 | \$ 682,158 |
| Funds Expended | <u>342,729</u> | <u>339,429</u> | <u>682,158</u> |
| Excess/(Deficiency) Approved | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | |
| Funds Advanced | \$ 342,729 | \$ 339,429 | \$ 682,158 |
| Funds Expended | <u>342,729</u> | <u>339,429</u> | <u>682,158</u> |
| Excess/(Deficiency) of Advances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTES TO STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS

1. The distribution of cost by project and account classification accompanying the Financial Status Reports and Actual Modernization Cost Certificate submitted to HUD for approval were in agreement with the Authority's records.
2. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
CAPITAL FUND LEVERAGING PROGRAM STATUS REPORT
 As of March 31, 2013

| <u>Line Item</u> | <u>Funds Budgeted</u> | <u>Funds Obligated</u> | <u>Funds Expended</u> | <u>Balance of Unexpended Funds</u> |
|---------------------------------|---------------------------|----------------------------|---------------------------|--|
| Architect & Engineering Fees | \$ 37,850 | \$ 37,850 | \$ 37,850 | \$ - |
| NJ83-1 Caulking & Waterproofing | 295,750 | 295,750 | 295,750 | - |
| NJ83-2 Kitchen Replacement | 260,635 | 260,635 | 260,635 | - |
| Mold Removable Paint | 250,000 | 250,000 | 250,000 | - |
| Exterior Caulking | 443,802 | 443,802 | 421,865 | 21,937 |
| Fire Alarm System | 71,963 | 71,963 | 71,963 | - |
| Hallway Carpeting | 70,938 | 70,938 | 70,938 | - |
| Total Capital Project | <u>\$ 1,430,938</u> | <u>\$ 1,430,938</u> | <u>\$ 1,409,001</u> | <u>\$ 21,937</u> |

Reconciliation of Debt Service Account

| | |
|------------------------------------|------------------|
| Balance at March 31, 2012 | \$ 21,937 |
| Debt Proceeds Deposited | - |
| Interest earned | <u>1</u> |
| Total Funds Available | 21,938 |
| Less Disbursements during the Year | <u>-</u> |
| Balance at March 31, 2013 | <u>\$ 21,938</u> |



CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the Town of Secaucus
Secaucus, New Jersey

We have audited, 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, the financial statements of the Housing Authority of the Town of Secaucus ("the Authority") as of and for the year ended March 31, 2013 and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Secaucus's basic financial statements and have issued our report thereon dated September 26, 2013.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Secaucus'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*.

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. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Polcari & Company

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
September 26, 2013



CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Commissioners
Housing Authority of the Town of Secaucus
Secaucus, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Town of Secaucus's ("The Authority") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (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 March 31, 2013. The Housing Authority of the Town of Secaucus'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 each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the housing authority's compliance for each of its 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 Office of Management and Budget 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 the housing authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of the Town of Secaucus's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Town of Secaucus 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 March 31, 2013.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133
(Continued)**

Report on Internal Control Over Compliance

The management of the Housing Authority of the Town of Secaucus is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the housing authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 the Authority's internal control over compliance.

A deficiency in an entity's 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, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 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.

Purpose of this Report

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, the report is not suitable for any other purpose.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
September 26, 2013

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
SECAUCUS, NEW JERSEY
March 31, 2013

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

| | | |
|--|-----------|--------------------------|
| Material Weakness Identified | _____ yes | _____ no |
| Material Weakness Identified | _____ yes | <u> X </u> no |
| Significant Deficiencies identified that are not considered to be material weakness(es)? | _____ yes | <u> X </u> none reported |
| Noncompliance Material to Financial Statements Noted? | _____ yes | <u> X </u> no |

Federal Awards

Internal Control over Major Programs:

| | | |
|--|-----------|--------------------------|
| Material Weakness Identified | _____ yes | _____ no |
| Material Weakness Identified | _____ yes | <u> X </u> no |
| Significant Deficiencies identified that are not considered to be material weakness(es)? | _____ yes | <u> X </u> none reported |

Type of audit report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 _____ yes X no

Identification of Major Programs

| CFDA | Number | Name of Federal Program or Cluster |
|------|--------|-------------------------------------|
| | 14.871 | Housing Choice Voucher Program |
| | 14.872 | Public Housing Capital Fund Program |

Dollar Threshold used to distinguish between type A and type B Programs \$300,000

Auditee qualified as low-risk? X yes _____ no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended March 31, 2013

| | Beginning Balance | Revenue Recognized | Expenditures | Ending Balance |
|---|----------------------|-----------------------|---------------------|-------------------|
| <u>LOW INCOME HOUSING PROGRAM</u> | | | | |
| Operating Subsidy (CFDA #14.850) | \$ - | \$ 406,226 | \$ 406,226 | \$ - |
| Capital Fund Program (CFDA #14.872) | - | 143,578 | \$ 143,578 | - |
| Subtotal | - | 549,804 | 549,804 | - |
| <u>HOUSING ASSISTANCE PAYMENTS PROGRAM</u> | | | | |
| Housing Choice Voucher Program (CFDA #14.871) | - | 1,897,066 | 1,897,066 | - |
| Subtotal | - | 1,897,066 | 1,897,066 | - |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | \$ - | \$ 2,446,870 | \$ 2,446,870 | \$ - |

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. There were no subrecipient activities during the audit period.