

HOUSING AUTHORITY OF THE
TOWN OF SECAUCUS
Secaucus, New Jersey

COMPARATIVE FINANCIAL STATEMENTS
For the Two Years Ended March 31, 2014

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TABLE OF CONTENTS

	<u>PAGE</u>
Management's Discussion and Analysis	1-10
Independent Auditors' Report	11-12
<u>FINANCIAL STATEMENTS</u>	
Comparative Statements of Net Position	13
Comparative Statements of Revenue, Expenses and Changes in Net Position	14
Comparative Statements of Cash Flows	15
Notes to Financial Statements	16-26
<u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Expenditures of Federal Awards	27
Financial Data Schedule	28-32
Capital Fund Leveraging Program Status Report	33
<u>OTHER REPORTS AND COMMENTS</u>	
Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	34-35
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	36-37
Schedule of Findings and Questioned Costs	38

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2014**

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, 2014. 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, 2014 by \$8,106,982.
- As of the close of the current fiscal year, the Authority's Proprietary Funds reported an Unrestricted Net Position of \$1,307,142, a decrease of \$302,130 from March 31, 2013.
- The Authority's cash equivalents balance as of March 31, 2014 totaled \$1,862,807, representing a decrease of \$178,590 from March 31, 2013.
- The Authority had intergovernmental revenue of \$2,760,230 in HUD operating grants and \$274,355 in HUD Capital Grants for the year ended March 31, 2014.
- The Authority's capital outlays for the year totaled \$355,616. 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 Changes 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).

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.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

March 31, 2014

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)

Total Net Position decreased by \$479,828. This is primarily due to the following: (1) A decrease of \$34,516 in restricted net assets in the housing choice voucher program, resulting from the reduction in both housing assistance payments subsidy within that program; (2) depreciation expense of \$553,798 recorded during the current period while capital grants of only \$274,355 were received (3) an increase of \$81,879 in the liability accrued for post-retirement benefits other pensions (OPEB) and (4) the write-off of prepaid financing costs of \$35,866 in accordance with Statement Number 65 of the Government Accounting Standards Board (GASB).

Total cash including security deposits decreased by \$178,590. Unrestricted cash decreased \$149,894, restricted cash decreased \$34,516 and security deposits increased \$5,820.

Accounts Receivable from HUD increased by \$34,255 due to expenditures made under the capital fund program during March 2014 that were not reimbursed by HUD until April of 2014.

Capital Assets (net of accumulated depreciation) decreased \$198,182 as capital asset additions of \$355,616 were offset by \$553,798 of depreciation expense.

The following table summarizes the changes in Net Position between March 31, 2014 and 2013 for the Authority as a whole:

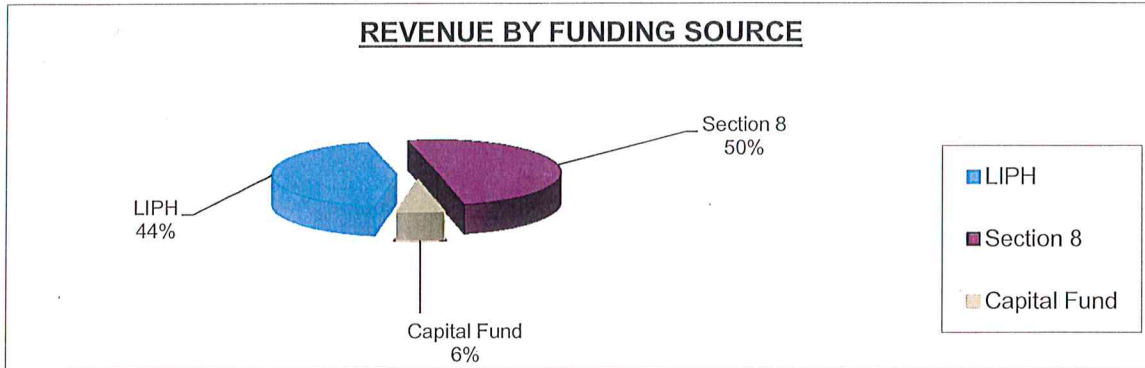
	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>% Var</u>
Cash & Cash Equivalents	\$ 1,862,807	\$ 2,041,397	\$ (178,590)	-8.75%
Other Current Assets	132,127	131,523	604	0.46%
Capital Assets	7,753,468	7,951,650	(198,182)	-2.49%
Other Non-current Assets	-	35,866	(35,866)	-100.00%
Total Assets	<u>9,748,402</u>	<u>10,160,436</u>	<u>(412,034)</u>	<u>-4.06%</u>
Current Liabilities	370,111	335,485	34,626	10.32%
Long-term Debt	1,030,000	1,085,000	(55,000)	-5.07%
Noncurrent Liabilities	241,309	153,141	88,168	57.57%
Total Liabilities	<u>1,641,420</u>	<u>1,573,626</u>	<u>67,794</u>	<u>4.31%</u>
Net Assets Invested in Capital Assets	6,668,468	6,811,650	(143,182)	-2.10%
Restricted Net Position	131,372	165,888	(34,516)	-20.81%
Unrestricted Net Position	1,307,142	1,609,272	(302,130)	-18.77%
Total Net Position	<u>\$ 8,106,982</u>	<u>\$ 8,586,810</u>	<u>\$ (479,828)</u>	<u>5.59%</u>

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2014**

Total operating revenue increased by \$427,213 (11.56%), due primarily to the increase of \$372,170 (15.58%) in HUD operating grants. Operating grants received under the housing choice voucher program increased by \$258,269 due to HUD's proration of subsidies.

Total operating expenses increased by \$51,008 (1.06%). 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 2014 and 2013 for the Authority as a whole:

	2014	2013	Variance	% Var
Rental Revenue	\$ 1,211,880	\$ 1,190,431	\$ 21,449	1.80%
HUD Operating Grants	2,760,230	2,388,060	372,170	15.58%
Other Revenue	152,277	118,683	33,594	28.31%
Total Operating Revenue	<u>4,124,387</u>	<u>3,697,174</u>	<u>427,213</u>	<u>11.56%</u>
Operating Expenses:				
Administrative	688,926	714,668	(25,742)	-3.60%
Tenant Services	56,577	55,916	661	1.18%
Utilities	488,685	427,236	61,449	14.38%
Maintenance	718,457	807,317	(88,860)	-11.01%
General Expenses	245,711	220,541	25,170	11.41%
Housing Assistance Payments	2,093,141	2,097,203	(4,062)	-0.19%
Depreciation	589,663	507,271	82,392	16.24%
Total Expenses	<u>4,881,160</u>	<u>4,830,152</u>	<u>51,008</u>	<u>1.06%</u>
Operating Income/(Loss)	(756,773)	(1,132,978)	376,205	-33.20%
Non-operating Revenue (Expenses):				
Interest and Other	2,590	152	2,438	1603.95%
Income Before Capital Grants	(754,183)	(1,132,826)	378,643	-33.42%
HUD Capital Grants	274,355	58,810	215,545	366.51%
Net Income/(Loss)	(479,828)	(1,074,016)	594,188	-55.32%
Beginning Net Assets	8,586,810	9,660,826	(1,074,016)	-11.12%
Ending Net Assets	<u>\$ 8,106,982</u>	<u>\$ 8,586,810</u>	<u>\$ (479,828)</u>	<u>-5.59%</u>

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2014**

Tenant rental revenue increased by \$21,449 (1.80%). This increase is consistent with the increase in social security benefits, which is the major source of income for the majority of the Authority's tenants. Vacancies remained minimal; 16 unit months were vacant in 2014 versus 7 unit/months in 2013. Management continues its aggressive approach in recovering rental income due to under-reporting of income by tenants.

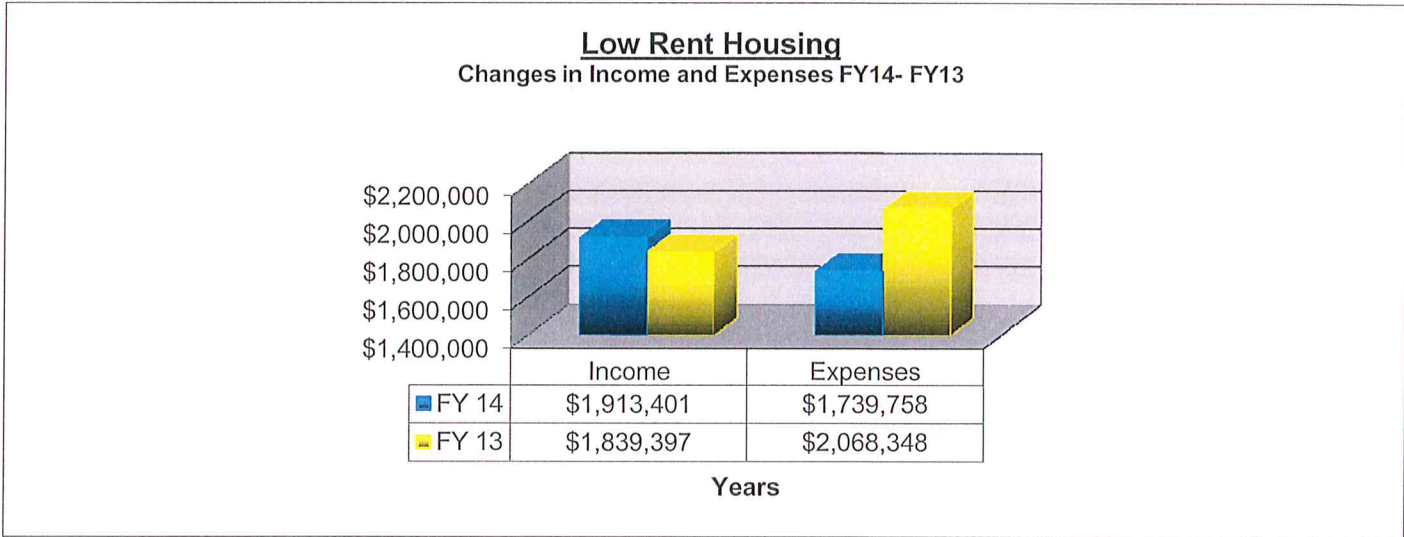
Other Revenues consist primarily of receipts for portability housing assistance payments and charges to tenants for maintenance and other miscellaneous services. Other revenue increased by \$33,594 primarily because of increased receipts related to incoming portability cases in the housing choice voucher program.

Administrative expenses decreased \$25,741 (3.60%) due to cost cutting measures implemented by the Authority.

Utility costs increased by \$61,449,(14.38%). The increase in utility expense is due primarily to consumption increases resulting from the cold winter experienced in 2013-2014. Management continues to monitor utility consumption in an effort to control costs.

General expenses increased \$25,170 (11.41%) due primarily to the increase in compensated absences expense.

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



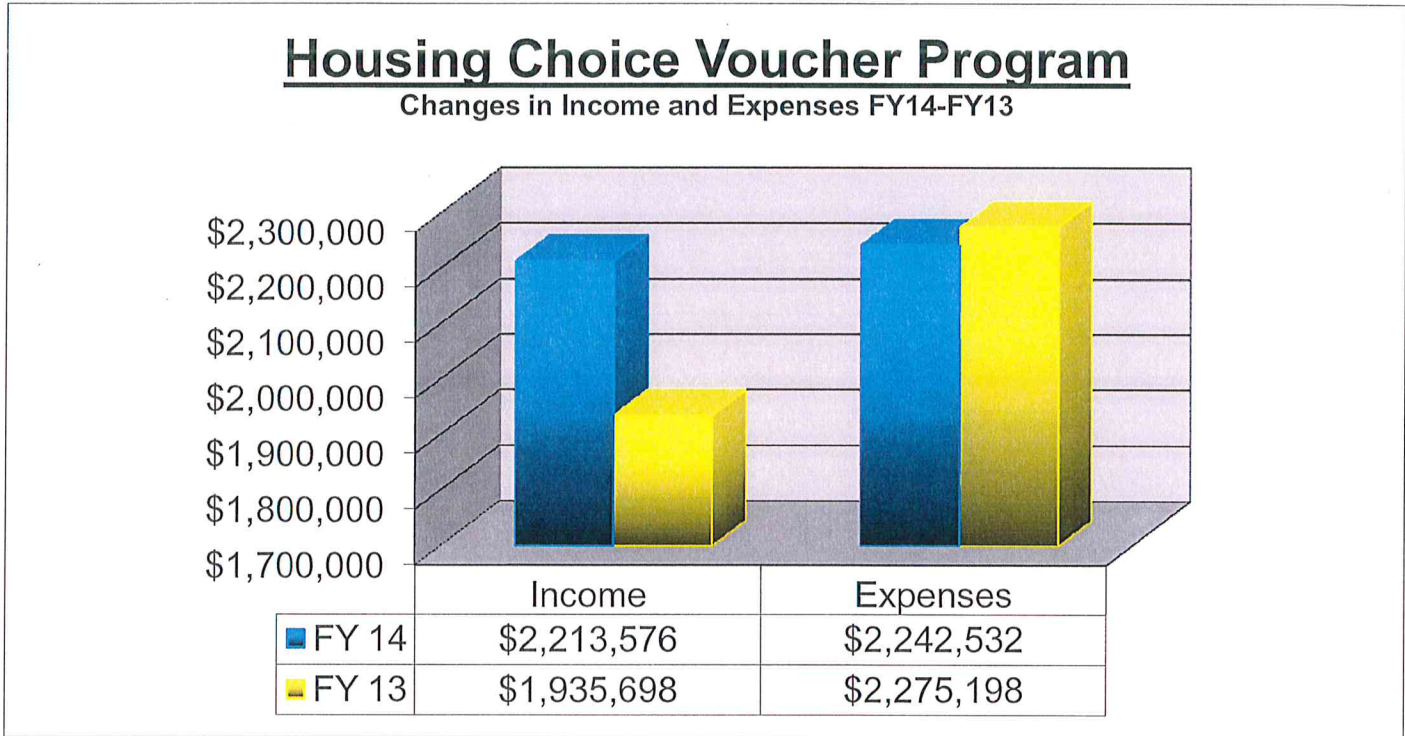
Note: Expense amounts do not include depreciation expense.

FYE 2014 LIPH operating income increased by 4.02% compared to FYE 2013.

FYE 2014 LIPH operating expenditures decreased by 15.89% compared to FYE 2013.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2014**

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



Housing Choice Voucher Program expenses decreased by \$32,666 from 2013 to 2014. The average housing assistance payment decreased from \$815 per unit month in 2013 to \$811 in 2014, while the number of unit months leased remained virtually constant (2,529 unit months leased in 2013 vs. 2,528 in 2014).

As previously noted, HUD subsidies under the housing choice voucher program decreased by \$258,269 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.

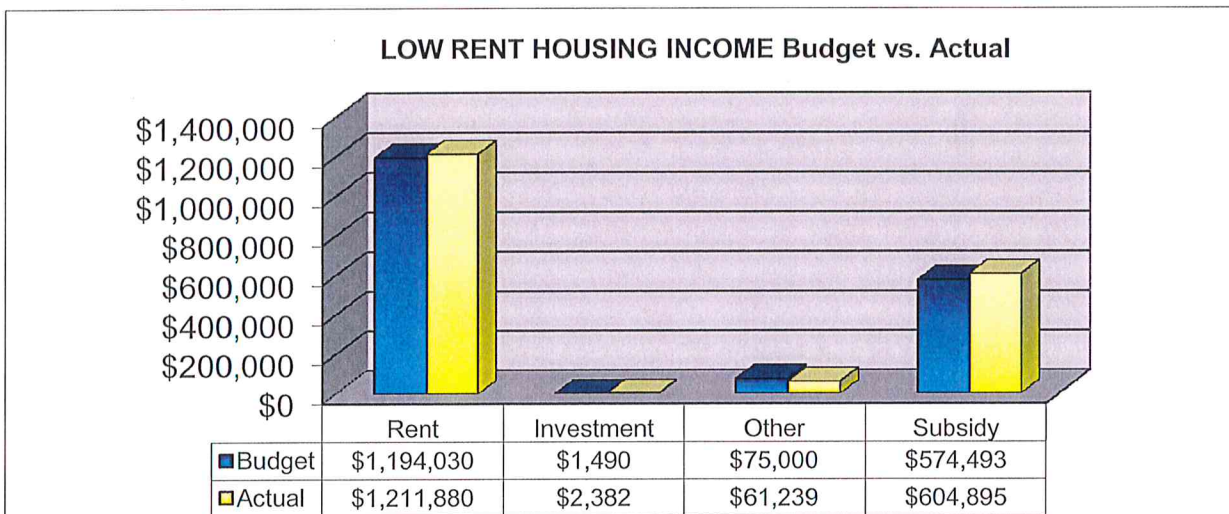
**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2014**

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	\$1,194,030	\$1,211,880	\$ 17,850	1.49%
Investment Income	1,490	2,382	892	59.87%
Other Revenue	75,000	61,239	(13,761)	-18.35%
Total Operating Revenue	<u>1,270,520</u>	<u>1,275,501</u>	<u>4,981</u>	<u>0.39%</u>
Operating Expenses:				
Administrative	403,470	400,906	(2,564)	-0.64%
Tenant Services	45,430	32,722	(12,708)	27.97%
Utilities	466,170	449,959	(16,211)	3.48%
Maintenance	501,150	564,995	63,845	12.74%
General Expense	470,090	568,475	98,385	-20.93%
Total Operating Expenses	<u>1,886,310</u>	<u>2,017,057</u>	<u>130,747</u>	<u>6.93%</u>
Residual Receipts/(Deficit)	<u>(615,790)</u>	<u>(741,556)</u>	<u>(125,766)</u>	<u>20.42%</u>
Operating Subsidy	574,493	604,895	30,402	5.29%
Residual Receipts/(Deficit)	<u>\$ (41,297)</u>	<u>\$ (136,661)</u>	<u>\$ (95,364)</u>	<u>230.92%</u>



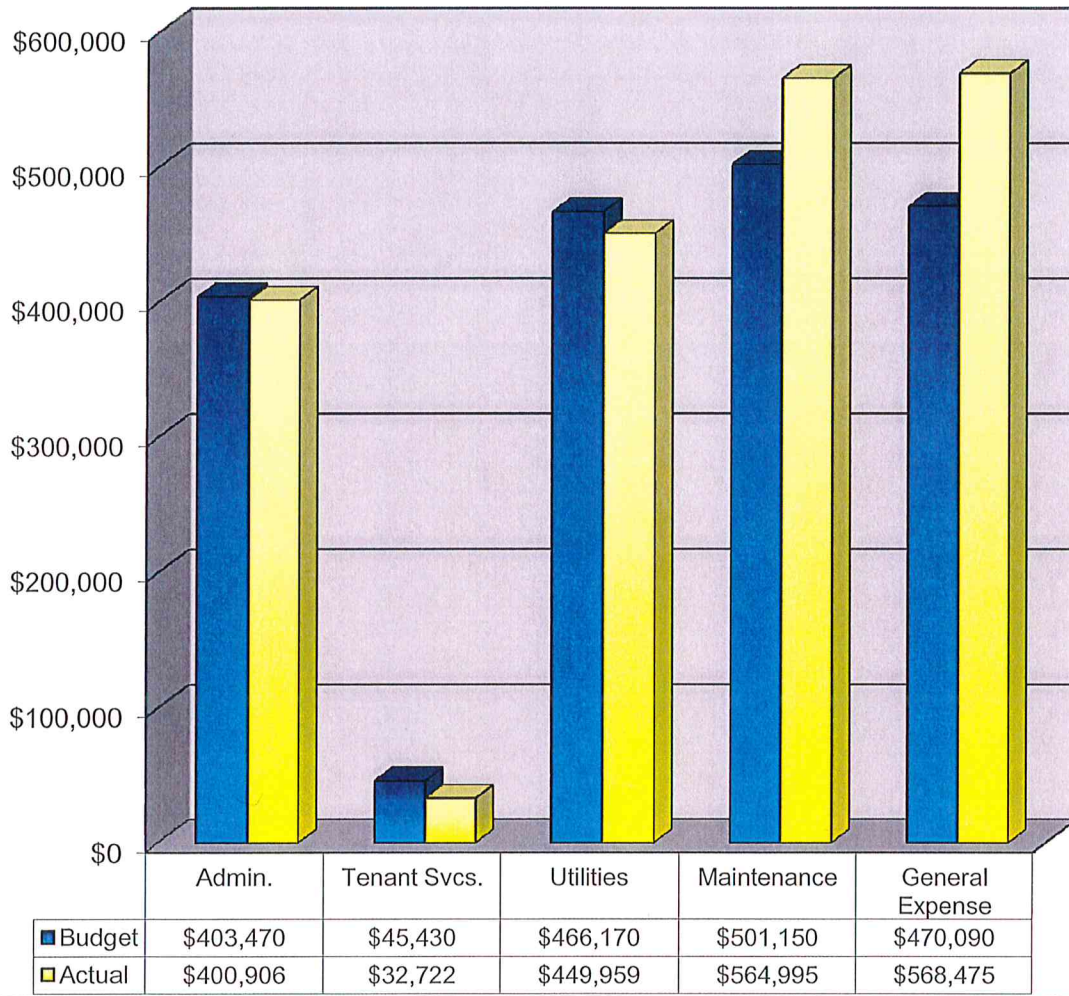
The table above illustrates the differences between amounts budgeted and actual income.

Tenant revenue exceeded budgeted by \$17,850 while HUD's operating subsidy was \$30,402 in excess of budget.

As previously noted, tenant revenues increased due to normal increases in tenant income.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2014**

**LOW RENT HOUSING EXPENDITURES
Budget vs. Actual Expenditures**



The table above illustrates the differences between the LIPH budgeted and actual expenses.

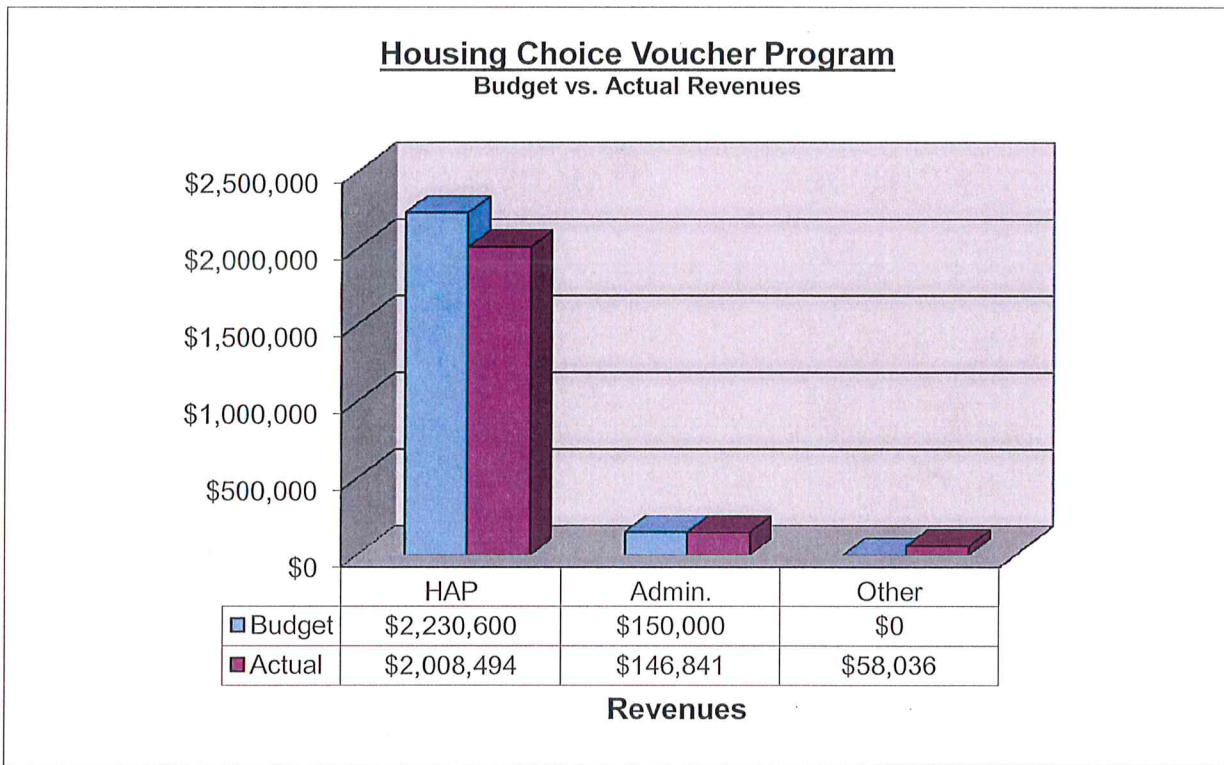
Maintenance expenses exceeded budget by \$63,845 due primarily to the payment of \$50,000 to a contractor made to terminate the Authority's participation in an energy savings contract.

General expenses as reported in the audited financial statements exceed budget by \$98,385 since the audited income statement includes interest expense of \$52,418 and amortization of prepaid financing costs of \$35,865 related to a capital fund financing program. These costs are not included in the Authority's operating budget since they are funded by capital fund program grant revenues received annually from HUD.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2014**

Comparison Budget vs. Actual - Housing Choice Voucher Program

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var.</u>
Housing Assistance Payments	\$2,230,600	\$2,008,494	\$ (222,106)	-9.96%
Administrative Fees	150,000	146,841	(3,159)	2.11%
Other Income	1,000	58,036	57,036	100.00%
Interest Income	1,000	205	(795)	0.00%
Total Revenue	<u>2,382,600</u>	<u>2,213,576</u>	<u>(169,024)</u>	<u>-7.09%</u>
Operating Expenditures:				
Housing Assistance Payments	2,205,000	2,093,141	(111,859)	-5.07%
Audit Costs	5,600	4,234	(1,366)	-24.39%
Ongoing Administrative	134,300	141,817	7,517	5.60%
Other General Expense	55,000	22,299	(32,701)	0.00%
Total Expenses	<u>2,399,900</u>	<u>2,261,491</u>	<u>(138,409)</u>	<u>-5.77%</u>
Excess / (Deficiency)	<u>\$ (17,300)</u>	<u>\$ (47,915)</u>	<u>\$ (30,615)</u>	<u>100.00%</u>

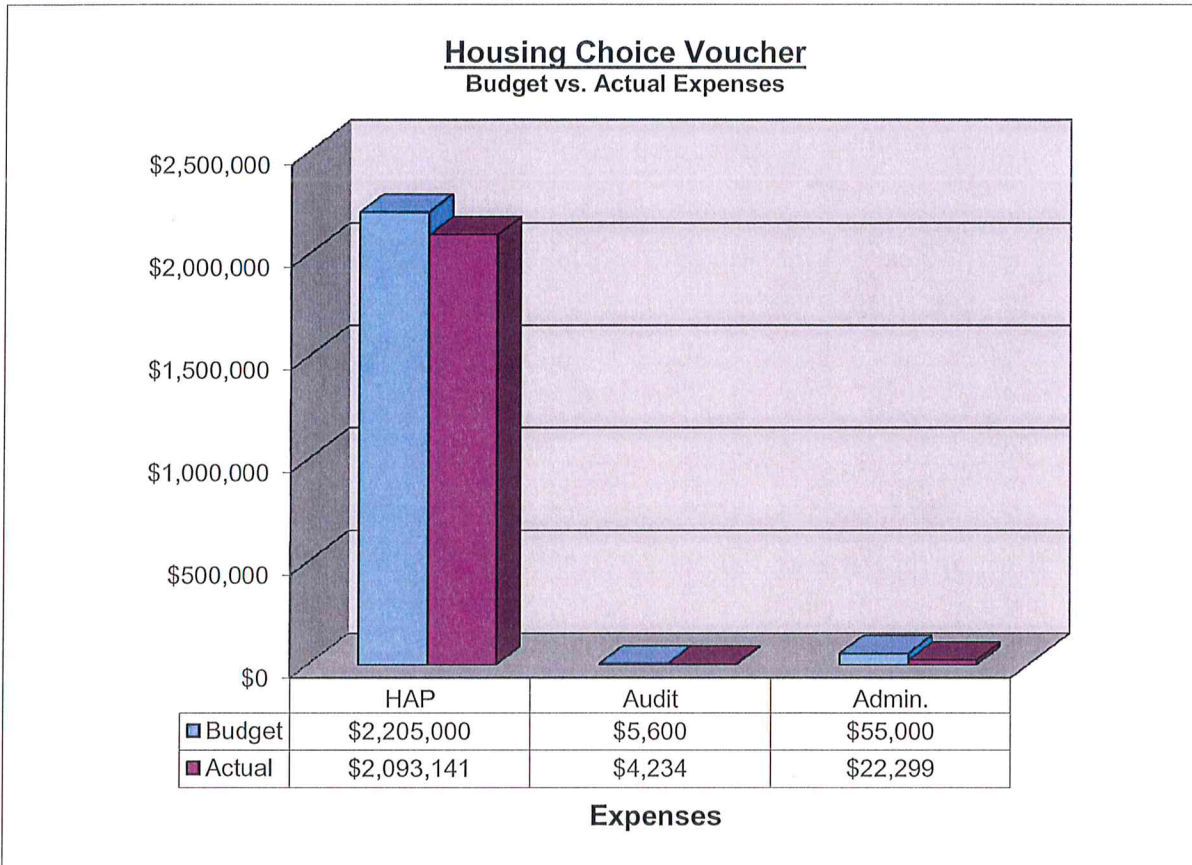


The table above illustrates the differences between budgeted and actual amounts for the Housing Choice Voucher Program.

Housing assistance payment subsidies were \$222,106 under budget while housing assistance payments were \$111,859 under budget.

Total HCV Reserves decreased \$47,915. HAP Reserves decreased \$34,521 while Admin Fee Reserves decreased \$13,394. HAP Reserves represent unspent subsidies that can only be expended to provide Housing Assistance Payments to eligible families per HUD regulations.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2014**



Housing assistance payments were \$111,859 under budgeted levels during the fiscal year ended March 31, 2014, as discussed above.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2014**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The following table summarizes the changes in capital assets between March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>% Var</u>
Land	\$ 620,838	\$ 620,838	\$ -	0.00%
Buildings & Improvements	20,975,845	18,911,577	2,064,268	10.92%
Equipment & Furniture	1,965,149	1,906,392	58,757	3.08%
Construction in Progress	219,356	1,986,765	(1,767,409)	0.00%
Total	<u>23,781,188</u>	<u>23,425,572</u>	<u>355,616</u>	<u>1.52%</u>
Accumulated Depreciation	<u>(16,027,720)</u>	<u>(15,473,922)</u>	<u>(553,798)</u>	<u>3.58%</u>
Net Capital Assets	<u>\$ 7,753,468</u>	<u>\$ 7,951,650</u>	<u>(198,182)</u>	<u>-2.49%</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 were written-off during the current fiscal to conform to a change in accounting promulgated by the Government Accounting Standards Board (GASB). 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. \$1,085,000 of the bonds are outstanding at March 31, 2014, \$55,000 of which is due within one year.

As of March 31, 2014 the Authority had \$85,199 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 financial statements of the Housing Authority of the Town of Secaucus, which comprise the Comparative Statements of Net Position as of March 31, 2014 and 2013 and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2014 and 2013, and the changes in net position, 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 1-4 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our 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 August 28, 2014 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
August 28, 2014

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
Secaucus, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
At March 31, 2014 and 2013

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 1,619,220	\$ 1,769,114
Cash and Cash Equivalents - Restricted	131,372	165,888
Cash - Tenant Security Deposits	112,215	106,395
Total Cash	1,862,807	2,041,397
Accounts Receivable - HUD	69,778	35,523
Accounts Receivable - Miscellaneous	3,333	-
Prepaid Expenses and Other Current Assets	59,016	96,000
Total Current Assets	<u>1,994,934</u>	<u>2,172,920</u>
<u>FIXED ASSETS</u>		
Land	620,838	620,838
Buildings and Improvements	20,975,845	18,911,577
Furniture, Equipment and Machinery	1,965,149	1,906,392
Construction in Progress	219,356	1,986,765
Total Fixed Assets	23,781,188	23,425,572
Less: Accumulated Depreciation	<u>(16,027,720)</u>	<u>(15,473,922)</u>
Net Fixed Assets	7,753,468	7,951,650
Other Assets	-	35,866
Total Non-Current Assets	<u>7,753,468</u>	<u>7,987,516</u>
Total Assets	<u>\$ 9,748,402</u>	<u>\$ 10,160,436</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 22,495	\$ 9,817
Accrued Payroll and Related Taxes	19,868	14,250
Security Deposits	114,608	106,395
Deferred Revenue	1,350	7,016
Current Portion of Long-Term Debt	55,000	55,000
Accrued Liabilities:		
Compensated Absences - current portion	9,647	8,766
Accrued Interest Payable	21,764	22,692
Other Accrued Liabilities	52,704	36,203
Payment in Lieu of Taxes	72,675	75,346
Total Current Liabilities	370,111	335,485
Long-Term Debt, Net of Current Portion	1,030,000	1,085,000
Accrued Compensated Absences - Noncurrent	85,199	78,910
Accrued Pension and OPEB Liabilities	156,110	74,231
Total Liabilities	<u>1,641,420</u>	<u>1,573,626</u>
<u>NET POSITION</u>		
Invested in Net Fixed Assets Net of Related Debt	6,668,468	6,811,650
Restricted	131,372	165,888
Unrestricted	1,307,142	1,609,272
Total Net Position	<u>\$ 8,106,982</u>	<u>\$ 8,586,810</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, 2014 and 2013

	For the Year Ended	
	March 31, 2014	March 31, 2013
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 1,211,880	\$ 1,190,431
HUD Grants - Operating	2,760,230	2,388,060
Other Income	152,277	118,683
Total Revenues	4,124,387	3,697,174
<u>OPERATING EXPENSES</u>		
Administration	688,926	714,668
Housing Assistance Payments	2,093,141	2,097,203
Tenant Services	56,577	55,916
Utilities	488,685	427,236
Ordinary Maintenance & Operations	718,457	807,317
General Expense	245,711	220,541
Depreciation and Amortization Expense	589,663	507,271
Total Operating Expenses	4,881,160	4,830,152
EXCESS OF OPERATING REVENUE OVER EXPENSES	(756,773)	(1,132,978)
Non Operating Revenues/(Expenses):		
Interest Income	2,590	152
Income/(Loss) Before Contributions and Transfers	(754,183)	(1,132,826)
Capital Grants	274,355	58,810
Increase/(Decrease) in Net Position	(479,828)	(1,074,016)
Beginning Net Position	8,586,810	9,660,826
Ending Net Position	\$ 8,106,982	\$ 8,586,810

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, 2014 and 2013

	For the Year Ended	
	March 31, 2014	March 31, 2013
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 1,206,214	\$ 1,193,005
From Government Agencies for Operating Grants	2,725,975	2,415,749
From Other Operating Revenues	148,944	118,683
Cash Paid:		
To Employees for Operations	(605,133)	(620,461)
To Suppliers for Operations	(1,427,778)	(1,519,421)
To Landlords For Housing Assistance	(2,093,141)	(2,097,203)
Net Cash Provided by Operating Activities	(44,919)	(620,568)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	274,355	58,810
Acquisition of Property and Equipment	(355,616)	(35,654)
Repayments of Long-term Debt	(55,000)	(50,000)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(136,261)	(26,844)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	2,590	152
Net Cash Provided by Investing Activities	2,590	152
Net Increase/(Decrease) in Cash and Cash Equivalents	(178,590)	(647,260)
Cash and Equivalents at Beginning of Period	2,041,397	2,688,657
Cash and Equivalents at End of Period	\$ 1,862,807	\$ 2,041,397
Reconciliation of Operating Loss to Net Cash		
Used by Operations		
Operating Loss	\$ (756,773)	\$ (1,132,978)
Adjustments to Reconcile Operating Loss to Net		
Cash Used by Operating Activities		
Depreciation	553,798	507,271
Amortization of Prepaid Financing Costs	35,865	2,245
Decrease/(Increase) in Assets		
Prepaid Expenses and Other Current Assets	36,985	(40,807)
Accounts Receivable - Misc.	(3,333)	
Accounts Receivable - HUD	(34,255)	27,689
Increase/(Decrease) in Liabilities		
Accounts Payable	12,678	(7,854)
Accrued Payroll and Related Taxes	5,618	(13,672)
Security Deposits	8,213	41
Compensated Absences	7,170	(4,795)
Deferred Revenue	(5,666)	2,533
Interest Payable	(928)	(833)
PILOT Payable	(2,671)	8,037
Other Accrued Liabilities	16,501	9,119
Accrued Pension and OPEB Liabilities	81,879	23,436
Net Cash Used by Operating Activities	\$ (44,919)	\$ (620,568)

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

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 Town’s reporting entity since the Town 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 position, 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, 2014

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 position component as the unspent proceeds.

Restricted Net Position – This component includes net position subject to restrictions placed on net position 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 Position – 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 GASB 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, 2014

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, 2014

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, 2014, 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 \$1,862,807 and \$2,041,397 at March 31, 2014 and 2013, respectively, consisted of the following:

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Checking Accounts	\$ 1,750,492	\$ 1,930,072
Tenant Security Deposits	112,215	106,395
Savings Accounts and CDs	-	4,830
Petty Cash	100	100
	<u>\$ 1,862,807</u>	<u>\$ 2,041,397</u>

The carrying amount of the Authority's cash and cash equivalents on deposit at banks as of March 31, 2014 was \$1,862,807 and the bank balances were \$1,887,929. Of the bank balances, \$400,916 was covered by FDIC insurance and \$1,487,013 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, \$1,487,013 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, 2014

NOTE 3 – Deferred Income

Deferred income of \$1,350 at March 31, 2014 was tenant prepaid rent. Deferred income of \$7,016 at March 31, 2013 consisted of \$5,486 of deferred operating subsidy and \$1,530 of 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, 2014 and 2013:

	Apr. 1, 2013	Additions	Disposals	Transfers/Other	Mar. 31, 2014
Land	\$ 620,838	\$ -	\$ -	\$ -	\$ 620,838
Buildings and Improvements	18,911,577	77,503	-	1,986,765	20,975,845
Dwelling Equipment	578,594	58,757	-	-	637,351
Furniture and Equipment	1,327,798	-	-	-	1,327,798
Construction in Progress	1,986,765	219,356	-	(1,986,765)	219,356
Total Fixed Assets	23,425,572	355,616	-	-	23,781,188
Accumulated Depreciation	(15,473,922)	(553,798)	-	-	(16,027,720)
Net Fixed Assets	\$ 7,951,650	\$ (198,182)	\$ -	\$ -	\$ 7,753,468

	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

Depreciation expense for the fiscal years ended March 31, 2014 and 2013 amounted to \$553,798 and \$507,271, 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:

	Years
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, 2014

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 Town. Under the Cooperation Agreement, the Authority must pay the Town the lower of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2014 and 2013, PILOT expense was accrued in the amount of \$72,675 and \$76,444, respectively.

NOTE 6 – Accrued Compensated Absences

Accrued compensated absences of \$94,846 and \$87,676 at March 31, 2014 and 2013, 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, 2014 and 2013 were \$54,619 and \$49,685, 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, 2014, 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, 2014

NOTE 9 – Construction Commitments

At March 31, 2014, 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, 2014, 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 Position

Restricted Net Position at March 31, 2014 and 2013 consists of the following two components:

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Proceeds from Borrowings to be used		
only for budgeted Capital Fund Programs	\$ 21,943	\$ 21,938
Housing Assistance Payment Equity	109,429	143,950
	\$ 131,372	\$ 165,888

Capital Fund Program Restricted Net Position

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, 2014

NOTE 11 – Restricted Net Position (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, 2014 and 2013:

Administrative Fee Equity - included in Unrestricted Net Position

Administrative Fee Reserves at March 31, 2013	\$	140,174	
Net Administrative Fee Reserves Expended FYE March 31, 2014		(19,330)	
Interest income on Administrative Fee Reserves		102	
Fraud Recoveries - FYE March 31, 2014		<u>5,834</u>	\$ 126,780

Housing Assistance Payment Reserves - included in Restricted Net Position

Housing Assistance Payment Reserves at March 31, 2013	143,950	
Unexpended HAP Subsidy - FYE March 31, 2014	(40,458)	
Interest income on Housing Assistance Payments Reserves	103	
Fraud Recoveries - FYE March 31, 2014	<u>5,834</u>	<u>109,429</u>

Total HCV Program Net Position **\$ 236,209**

Administrative Fee Equity - included in Unrestricted Net Position

Administrative Fee Reserves at March 31, 2012	\$	135,462	
Net Administrative Fee Reserves Expended FYE March 31, 2013		4,189	
Interest income on Administrative Fee Reserves		-	
Fraud Recoveries - FYE March 31, 2013		<u>523</u>	\$ 140,174

Housing Assistance Payment Reserves - included in Restricted Net Position

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	<u>522</u>	<u>143,950</u>

Total HCV Program Net Position **\$ 289,672**

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, 2014

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, 2014 and 2013, the Authority earned restricted interest of \$0. 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>
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	65,000	40,461	105,461
2020-2024	390,000	147,209	537,209
2025-2028	390,000	39,961	429,961
TOTAL	\$ 1,085,000	\$ 417,050	\$ 1,502,050

Long-term liabilities of the housing authority outstanding during the fiscal year ended March 31, 2014 consisted of the following:

	<u>April 1, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Withdrawals</u>	<u>Forfeitures</u>	<u>March 31, 2014</u>
CFFP Loan	\$ 1,140,000	\$ -	\$ (55,000)	\$ -	\$ -	\$ 1,085,000
Compensated Absences	87,676	7,170	-	-	-	94,846
Accrued OPEB Liability	74,231	81,879	-	-	-	156,110
	<u>\$ 1,301,907</u>	<u>\$ 89,049</u>	<u>\$ (55,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,335,956</u>
Less Current Portion of CFFP Loan						(55,000)
Less Current Portion of Compensated Absences						(9,647)
Total Non Current Liabilities						<u>\$ 1,271,309</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, 2014

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	\$103,980
Interest on net OPEB obligation	3,712
Adjustment to annual required contribution	43,529
Annual OPEB cost (expense)	151,221
Contributions made	(69,342)
Increase in net OPEB obligation	\$81,879
Net OPEB Obligation – beginning of year	74,231
Net OPEB Obligation – end of year	\$156,110

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2014 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
6/30/2012	\$232,731	0.00	\$50,795
6/30/2013	\$77,274	0.00	\$74,231
6/30/2014	\$151,221	0.00	\$156,110

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 \$1,974,290, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAL) of \$1,974,290. 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 \$2,305,193, or by 14.0%, and the corresponding Normal Cost would increase to \$78,573.

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	12.9	11.9
C. Average Current Age	52.6	51.6

Note 14 – Subsequent Events

The Authority has evaluated subsequent events through August 28, 2014, the date the financial statements were available to be issued.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended March 31, 2014

	Beginning Balance	Revenue Recognized	Expenditures	Ending Balance
<u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA #14.850)	\$ -	\$ 556,092	\$ 556,092	\$ -
Capital Fund Program (CFDA #14.872)	-	323,158	\$ 323,158	-
Subtotal	-	879,250	879,250	-
<u>HOUSING ASSISTANCE PAYMENTS PROGRAM</u>				
Housing Choice Voucher Program (CFDA #14.871)	-	2,155,335	2,155,335	-
Subtotal	-	2,155,335	2,155,335	-
TOTAL EXPENDITURES OF FEDERAL AWARDS	\$ -	\$ 3,034,585	\$ 3,034,585	\$ -

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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.

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,089,330	\$154,323	\$375,567	\$1,619,220		\$1,619,220
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted	\$21,943	\$109,429		\$131,372		\$131,372
114 Cash - Tenant Security Deposits	\$112,215			\$112,215		\$112,215
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$1,223,488	\$263,752	\$375,567	\$1,862,807		\$1,862,807
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$69,778			\$69,778		\$69,778
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$3,333			\$3,333		\$3,333
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	\$73,111	\$0	\$0	\$73,111		\$73,111
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$42,483	\$4,188	\$12,345	\$59,016		\$59,016
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$1,339,082	\$267,940	\$387,912	\$1,994,934		\$1,994,934
161 Land	\$620,838			\$620,838		\$620,838
162 Buildings	\$20,975,845			\$20,975,845		\$20,975,845
163 Furniture, Equipment & Machinery - Dwellings	\$587,351		\$50,000	\$637,351		\$637,351
164 Furniture, Equipment & Machinery - Administration	\$998,124	\$4,808	\$324,866	\$1,327,798		\$1,327,798
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$15,665,591	-\$4,808	-\$357,321	-\$16,027,720		-\$16,027,720
167 Construction in Progress	\$219,356			\$219,356		\$219,356
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,735,923	\$0	\$17,545	\$7,753,468		\$7,753,468
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$7,735,923	\$0	\$17,545	\$7,753,468		\$7,753,468
190 Total Assets	\$9,075,005	\$267,940	\$405,457	\$9,748,402		\$9,748,402
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$9,075,005	\$267,940	\$405,457	\$9,748,402		\$9,748,402

Secaucus Housing Authority (NJ083)

SECAUCUS, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$22,495			\$22,495		\$22,495
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$15,287	\$1,141	\$3,440	\$19,868		\$19,868
322 Accrued Compensated Absences - Current Portion	\$6,862	\$994	\$1,791	\$9,647		\$9,647
324 Accrued Contingency Liability						
325 Accrued Interest Payable	\$21,764			\$21,764		\$21,764
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$72,675			\$72,675		\$72,675
341 Tenant Security Deposits	\$114,608			\$114,608		\$114,608
342 Unearned Revenue	\$1,350			\$1,350		\$1,350
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$55,000			\$55,000		\$55,000
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other	\$52,704			\$52,704		\$52,704
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	\$362,745	\$2,135	\$5,231	\$370,111		\$370,111
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,030,000			\$1,030,000		\$1,030,000
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$61,765	\$8,935	\$14,499	\$85,199		\$85,199
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$98,977	\$20,661	\$36,472	\$156,110		\$156,110
350 Total Non-Current Liabilities	\$1,190,742	\$29,596	\$50,971	\$1,271,309		\$1,271,309
300 Total Liabilities	\$1,553,487	\$31,731	\$56,202	\$1,641,420		\$1,641,420
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$6,650,923		\$17,545	\$6,668,468		\$6,668,468
511.4 Restricted Net Position	\$21,943	\$109,429		\$131,372		\$131,372
512.4 Unrestricted Net Position	\$848,652	\$126,780	\$331,710	\$1,307,142		\$1,307,142
513 Total Equity - Net Assets / Position	\$7,521,518	\$236,209	\$349,255	\$8,106,982		\$8,106,982
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$9,075,005	\$267,940	\$405,457	\$9,748,402		\$9,748,402

Secaucus Housing Authority (NJ083)

SECAUCUS, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,196,462			\$1,196,462		\$1,196,462
70400 Tenant Revenue - Other	\$15,418			\$15,418		\$15,418
70500 Total Tenant Revenue	\$1,211,880	\$0	\$0	\$1,211,880	\$0	\$1,211,880
70600 HUD PHA Operating Grants	\$604,895	\$2,155,335		\$2,760,230		\$2,760,230
70610 Capital Grants	\$274,355			\$274,355		\$274,355
70710 Management Fee			\$219,834	\$219,834	-\$219,834	\$0
70720 Asset Management Fee			\$33,000	\$33,000	-\$33,000	\$0
70730 Book Keeping Fee			\$43,425	\$43,425	-\$43,425	\$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue			\$296,259	\$296,259	-\$296,259	\$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$2,376	\$102	\$3	\$2,481		\$2,481
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	\$9,386	\$11,668		\$21,054		\$21,054
71500 Other Revenue	\$51,853	\$46,368	\$33,002	\$131,223		\$131,223
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted	\$6	\$103		\$109		\$109
70000 Total Revenue	\$2,154,751	\$2,213,576	\$329,264	\$4,697,591	-\$296,259	\$4,401,332
91100 Administrative Salaries	\$115,993	\$53,372	\$145,038	\$314,403		\$314,403
91200 Auditing Fees	\$3,853	\$4,234	\$4,010	\$12,097		\$12,097
91300 Management Fee	\$219,834			\$219,834	-\$219,834	\$0
91310 Book-keeping Fee	\$24,465	\$18,960		\$43,425	-\$43,425	\$0
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$76,578	\$41,959	\$90,570	\$209,107		\$209,107
91600 Office Expenses	\$32,233	\$22,135	\$71,998	\$126,366		\$126,366
91700 Legal Expense	\$4,274	\$5,088	\$16,077	\$25,439		\$25,439
91800 Travel	\$254	\$303	\$957	\$1,514		\$1,514
91810 Allocated Overhead						
91900 Other						
91000 Total Operating - Administrative	\$477,484	\$146,051	\$328,650	\$952,185	-\$263,259	\$688,926
92000 Asset Management Fee	\$33,000			\$33,000	-\$33,000	\$0
92100 Tenant Services - Salaries	\$32,722			\$32,722		\$32,722
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$23,855			\$23,855		\$23,855
92400 Tenant Services - Other						
92500 Total Tenant Services	\$56,577	\$0	\$0	\$56,577	\$0	\$56,577
93100 Water	\$48,499			\$48,499		\$48,499
93200 Electricity	\$293,318			\$293,318		\$293,318
93300 Gas	\$39,222			\$39,222		\$39,222
93400 Fuel						
93500 Labor	\$53,120			\$53,120		\$53,120
93600 Sewer	\$15,800			\$15,800		\$15,800
93700 Employee Benefit Contributions - Utilities	\$38,726			\$38,726		\$38,726
93800 Other Utilities Expense						
93000 Total Utilities	\$488,685	\$0	\$0	\$488,685	\$0	\$488,685

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$210,506			\$210,506		\$210,506
94200 Ordinary Maintenance and Operations - Materials and Other	\$82,575			\$82,575		\$82,575
94300 Ordinary Maintenance and Operations Contracts	\$271,914			\$271,914		\$271,914
94500 Employee Benefit Contributions - Ordinary Maintenance	\$153,462			\$153,462		\$153,462
94000 Total Maintenance	\$718,457	\$0	\$0	\$718,457	\$0	\$718,457
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	\$30,136			\$30,136		\$30,136
96120 Liability Insurance	\$15,068			\$15,068		\$15,068
96130 Workmen's Compensation	\$15,068	\$1,819	\$14,697	\$31,584		\$31,584
96140 All Other Insurance						
96100 Total Insurance Premiums	\$60,272	\$1,819	\$14,697	\$76,788	\$0	\$76,788
96200 Other General Expenses	\$2,315	\$19,271		\$21,586		\$21,586
96210 Compensated Absences	\$19,309	\$1,209	\$1,726	\$22,244		\$22,244
96300 Payments in Lieu of Taxes	\$72,675			\$72,675		\$72,675
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$94,299	\$20,480	\$1,726	\$116,505	\$0	\$116,505
96710 Interest of Mortgage (or Bonds) Payable	\$52,418			\$52,418		\$52,418
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs	\$35,865			\$35,865		\$35,865
96700 Total Interest Expense and Amortization Cost	\$88,283	\$0	\$0	\$88,283	\$0	\$88,283
96900 Total Operating Expenses	\$2,017,057	\$168,350	\$345,073	\$2,530,480	-\$296,259	\$2,234,221
97000 Excess of Operating Revenue over Operating Expenses	\$137,694	\$2,045,226	-\$15,809	\$2,167,111	\$0	\$2,167,111
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$2,048,952		\$2,048,952		\$2,048,952
97350 HAP Portability-In		\$44,189		\$44,189		\$44,189
97400 Depreciation Expense	\$552,101		\$1,697	\$553,798		\$553,798
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$2,569,158	\$2,261,491	\$346,770	\$5,177,419	-\$296,259	\$4,881,160
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						

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$414,407	-\$47,915	-\$17,506	-\$479,828	\$0	-\$479,828
11020 Required Annual Debt Principal Payments	\$55,000	\$0	\$0	\$55,000	\$0	\$55,000
11030 Beginning Equity	\$7,935,925	\$284,124	\$366,761	\$8,586,810	\$0	\$8,586,810
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0		\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		\$126,780		\$126,780		\$126,780
11180 Housing Assistance Payments Equity		\$109,429		\$109,429		\$109,429
11190 Unit Months Available	3300	3000	0	6300	0	6300
11210 Number of Unit Months Leased	3266	2528	0	5794	0	5794
11270 Excess Cash	\$747,869			\$747,869		\$747,869
11610 Land Purchases	\$0		\$0	\$0		\$0
11620 Building Purchases	\$274,355		\$0	\$274,355		\$274,355
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	\$110,662		\$0	\$110,662		\$110,662
13901 Replacement Housing Factor Funds	\$0		\$0	\$0		\$0

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
CAPITAL FUND LEVERAGING PROGRAM STATUS REPORT
 As of March 31, 2014

<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, 2013	\$ 21,938
Debt Proceeds Deposited	-
Interest earned	5
Total Funds Available	<u>21,943</u>
Less Disbursements during the Year	-
Balance at March 31, 2014	<u>\$ 21,943</u>



CERTIFIED PUBLIC ACCOUNTANTS

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

Board of 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, 2014 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 August 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 the Housing Authority of the Town of Secaucus's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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

Wayne, New Jersey
August 28, 2014



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 compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the Town of Secaucus's major federal programs for the year ended March 31, 2014. 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 compliance for each of the Housing Authority of the Town of Secaucus's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 of the Town of Secaucus's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the Town of Secaucus's compliance.

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, 2014.

**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 Housing Authority of the Town of Secaucus'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 Housing Authority of the Town of Secaucus's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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
August 28, 2014

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
SECAUCUS, NEW JERSEY
March 31, 2014

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 Identified? _____ yes X no

Significant Deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness Identified Identified? _____ yes X no

Significant Deficiencies identified that are not considered to be material weakness(es)? _____ yes X 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

14.850 Public Housing Operating Subsidy

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