

HOUSING AUTHORITY OF THE
TOWN OF SECAUCUS
Secaucus, New Jersey

COMPARATIVE FINANCIAL STATEMENTS
For the Two Years Ended March 31, 2012

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

March 31, 2012

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, 2012. 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, 2012 by \$9,660,826.
- As of the close of the current fiscal year, the Authority's Proprietary Funds reported Unrestricted Net Assets of \$1,917,460, a decrease of \$160,175 from 2011. This decrease is due primarily to the decrease in other revenue of \$154,004.
- The Authority's cash and investment balance as of March 31, 2012 totaled \$2,688,657, representing a decrease of \$486,730 from March 31, 2011. 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 \$2,638,968 in HUD operating grants and \$77,750 in HUD Capital grants for the year ended March 31, 2012.
- The Authority's capital outlays for the year totaled \$186,194. 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 Assets, Comparative Statements of Revenue, Expenses and Changes in Net Assets and the Comparative Statements of Cash Flows.

The Comparative Statements of Net Assets present information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets 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 Assets present information showing how the Authority's net assets changed during the most recent two fiscal years. All changes in net assets 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 26 of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

(Net Assets)

Total Net Assets decreased by \$1,843,035. This is primarily due to a prior period adjustment of \$1,157,372 recorded to reduce long-term grants receivable from HUD in connection with the Authority's capital fund leveragiri program. This adjustment was recorded to reflect grant revenue when received in accordance with accounting principles preferred by HUD. The Authority also experienced a net loss of \$685,663 due primarily to depreciation expense of \$508,760.

Unrestricted cash and equivalents and investments decreased by \$486,730 due primarily to the expenditure of operating funds for capital assets of \$108,444. and the decrease of net restricted assets of \$186,608 within the housing assistance payments program.

Other non-current assets decreased by \$1,050,573 due primarily to the prior period adjustment to write-off long-term receivables from discussed previously.

Capital Assets (net of accumulated depreciation) decreased by \$322,566 which is attributed to capital expenditure of \$186,194, offset by depreciation expense of \$508,760.

The following table summarizes the changes in Net Assets between March 31, 2012 and 2011 for the Authority as a whole:

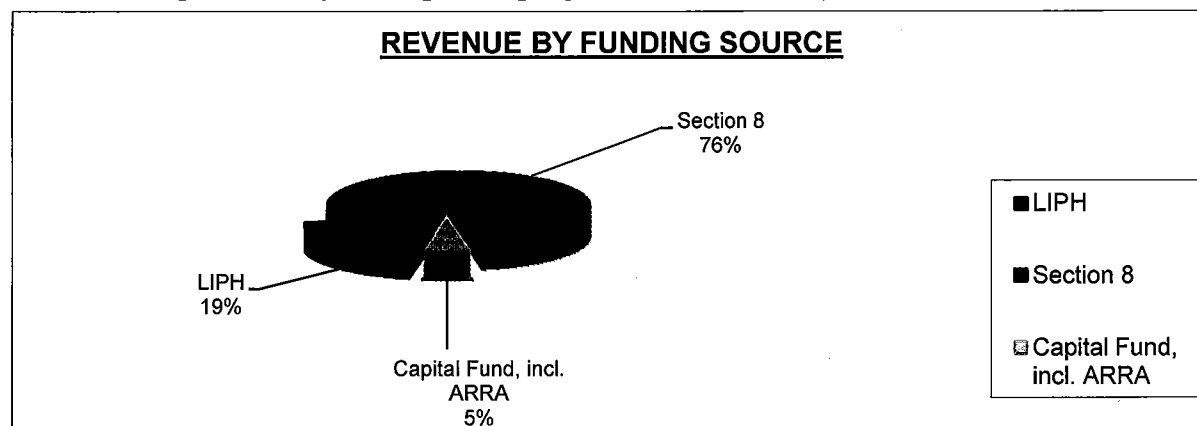
	<u>2012</u>	<u>2011</u>	<u>Incr. /(Decr.)</u>	<u>Incr. /(Decr.)</u>
Cash & Equivalents and Investments	\$ 2,688,657	\$ 3,175,387	\$ (486,730)	-15.33%
Other Current Assets	118,405	160,417	(42,012)	-26.19%
Capital Assets	8,423,267	8,745,833	(322,566)	-3.69%
Other Non-current Assets	38,111	1,088,684	(1,050,573)	0.00%
Total Assets	11,268,440	13,170,321	(1,901,881)	-14.44%
Current Liabilities	334,412	391,869	(57,457)	-14.66%
Long-term Debt	1,140,000	1,190,000	(50,000)	0.00%
Noncurrent Liabilities	133,202	84,591	48,611	57.47%
Total Liabilities	1,607,614	1,666,460	(58,846)	-3.53%
Net Assets Invested in Capital Assets	7,233,267	7,505,833	(272,566)	-3.63%
Restricted Net Assets	510,099	1,920,393	(1,410,294)	0.00%
Unrestricted Net Assets	1,917,460	2,077,635	(160,175)	-7.71%
Total Net Assets	<u>\$ 9,660,826</u>	<u>\$ 11,503,861</u>	<u>\$ (1,843,035)</u>	<u>16.02%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Total operating revenue decreased by \$620,024 (13.81%), due primarily to the decrease of \$457,758 (14.78%) in HUD operating grants. Operating grants received under the housing choice voucher program decreased by \$297 due to HUD's recapture of unexpended housing assistance payments in that program. Other operating revenue decreased by \$150,176 due to a decrease in fees charged to other housing authorities under interlocal services agreements.

Total operating expenses decreased by \$51,660 (1.13%). 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 2012 and 2011 for the Authority as a whole:

	<u>2012</u>	<u>2011</u>	<u>Incr./(Decr.)</u>	<u>% Incr. / (Decr.)</u>
Tenant Rental & Other Revenue	1,149,058	1,160,608	(11,550)	-1.00%
HUD Operating Grants	2,638,968	3,096,726	(457,758)	-14.78%
Other Revenue	81,239	231,955	(150,716)	-64.98%
Total Operating Revenue	<u>3,869,265</u>	<u>4,489,289</u>	<u>(620,024)</u>	<u>-13.81%</u>
Operating Expenses:				
Administrative	652,581	715,466	(62,885)	-8.79%
Tenant Services	63,974	62,930	1,044	1.66%
Utilities	467,680	539,781	(72,101)	-13.36%
Maintenance	598,203	548,806	49,397	9.00%
General Expenses	241,319	157,433	83,886	53.28%
Housing Assistance Payments	2,101,569	2,061,183	40,386	1.96%
Depreciation	508,760	496,827	11,933	2.40%
Total Expenses	<u>4,634,086</u>	<u>4,582,426</u>	<u>51,660</u>	<u>1.13%</u>
Operating Income/(Loss)	<u>(764,821)</u>	<u>(93,137)</u>	<u>(671,684)</u>	<u>721.18%</u>
Non-operating Revenue (Expenses):				
Interest and Other	1,408	5,409	(4,001)	-73.97%
Non-operating Income/(Loss)	<u>1,408</u>	<u>5,409</u>	<u>(4,001)</u>	<u>-73.97%</u>
Income Before Contributions	<u>(763,413)</u>	<u>(87,728)</u>	<u>(675,685)</u>	<u>770.20%</u>
HUD Capital Grants	<u>77,750</u>	<u>744,660</u>	<u>(666,910)</u>	<u>-89.56%</u>
Net Income/(Loss)	<u>(685,663)</u>	<u>656,932</u>	<u>(1,342,595)</u>	
Beginning Net Assets	11,503,861	10,846,929	656,932	6.06%
Prior Period Adjustment	<u>(1,157,372)</u>	<u>-</u>	<u>(1,157,372)</u>	<u>0.00%</u>
Ending Net Assets	<u>10,818,198</u>	<u>11,503,861</u>	<u>(671,684)</u>	<u>-5.84%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Tenant rental and other revenue increased by \$11,550 (1.00%). Vacancies remained minimal; 7 unit/months were vacant in 2012 versus 29 unit/months in 2011. Management continues its aggressive approach in recovering rental income due to under-reporting of income by tenants.

Other Revenues consist primarily of management fees earned and charges to tenants for various maintenance and other miscellaneous services. Other revenue decreased by \$150,716 primarily because of decrease in the level of services provided to other housing authorities in northern New Jersey.

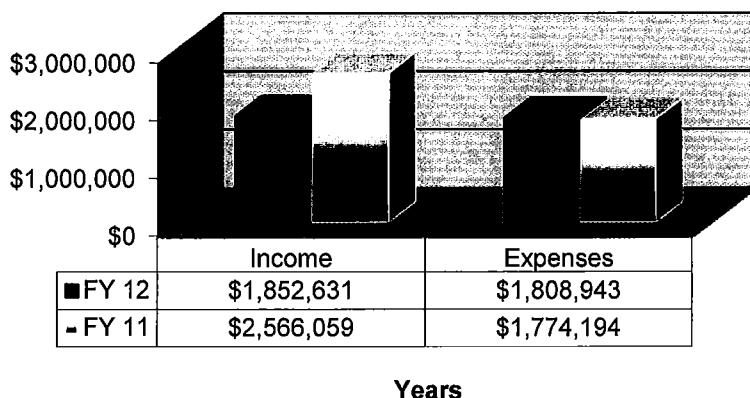
Administrative expenses decreased by \$62,885 (8.79%) due primarily to the retirement of the previous Executive Director and a lapse of 3 months before a replacement was hired.

Utility costs increased by \$72,101 (13.36%). The decrease in utility expense is due primarily to decreases in consumption resulting from the unusually mild winter experienced in 2011-2012. Management continues to monitor utility consumption in order to control costs.

Maintenance expenses increased by \$49,397 from 2011 to 2012. The primary reason for this 9.00% increase is an increase in maintenance contract costs related to building maintenance and cleaning.

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 FY12- FY11



Note: Expense amounts do not include depreciation expense.

FYE 2012 LIPH operating income decreased by 28% compared to FYE 2011.

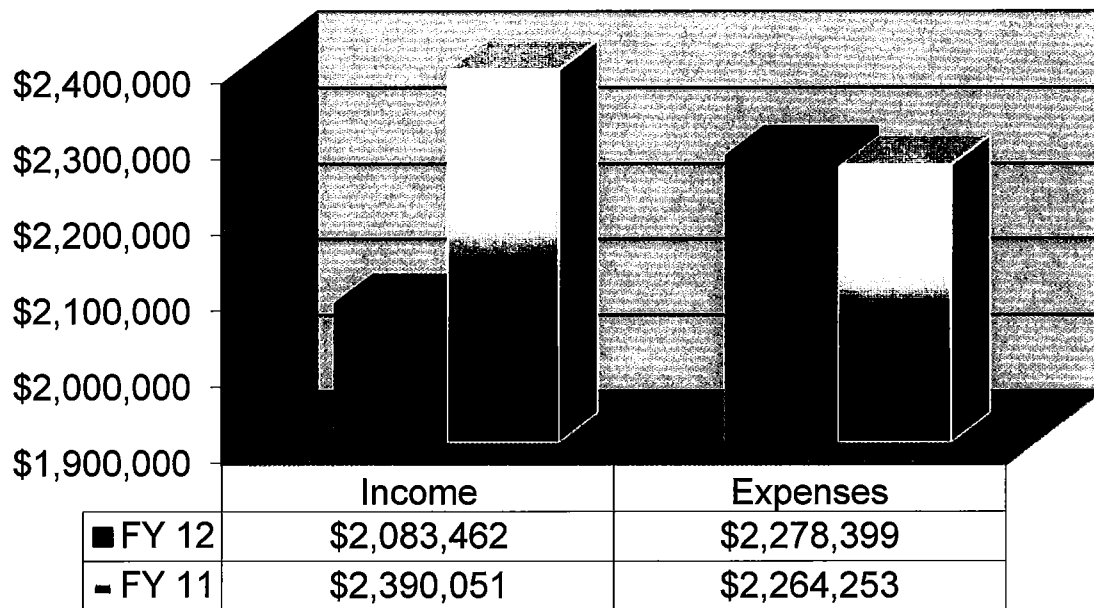
FYE 2012 LIPH operating expenditures increased by 2% compared to FYE 2011.

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

Changes in Income and Expenses FY11-FY10



Housing Choice Voucher Program expenses were consistent from 2011 to 2012. The average housing assistance payment increased from \$798 per unit month in 2011 to \$806 in 2012, an increase of approx. 1%.

As previously noted, HUD subsidies under the housing choice voucher program decreased by \$297,051 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.

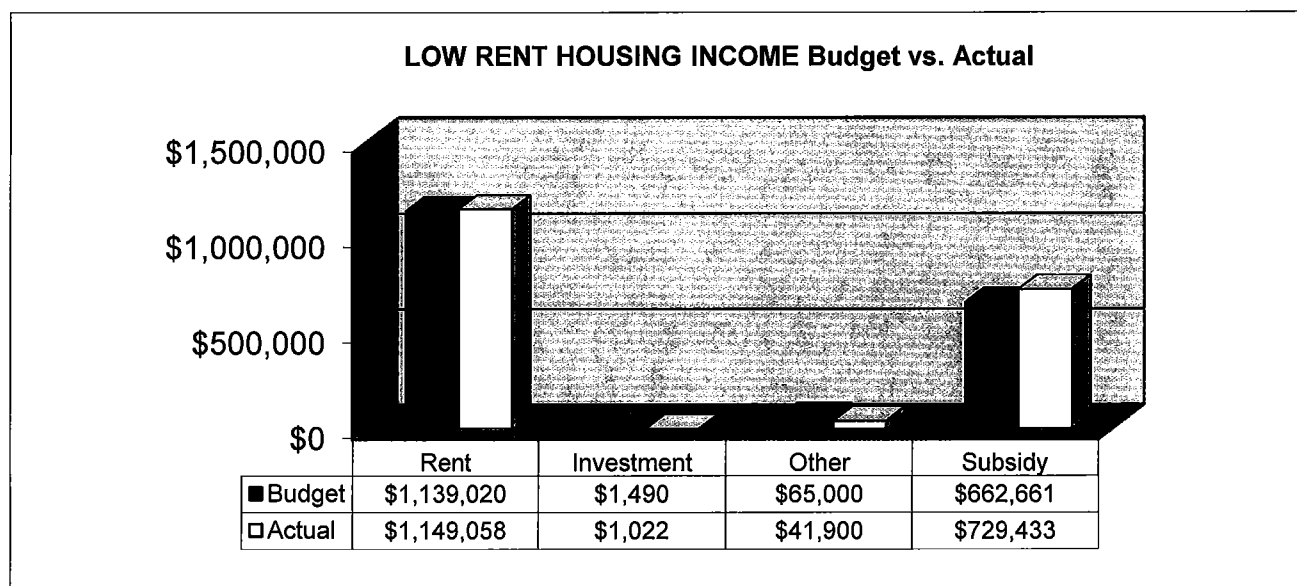
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

	Budget	Actual	Variance	% Var.
Tenant Revenue	1,139,020	1,149,058	10,038	0.88%
Investment Income	1,490	1,022	(468)	-31.41%
Other Revenue	65,000	41,900	(23,100)	-35.54%
Total Operating Revenue	1,205,510	1,191,980	(13,530)	-1.12%
Operating Expenses:				
Administrative	376,570	377,487	917	0.24%
Tenant Services	53,410	42,160	(11,250)	21.06%
Utilities	503,820	442,340	(61,480)	12.20%
Maintenance	455,510	498,877	43,367	9.52%
General Expense	385,310	388,254	2,944	-0.76%
Total Operating Expenses	1,774,620	1,749,118	(25,502)	-1.44%
Residual Receipts/(Deficit)	(569,110)	(557,138)	11,972	-2.10%
Operating Subsidy	662,661	729,433	66,772	10.08%
Residual Receipts/(Deficit)	93,551	172,295	78,744	84.17%



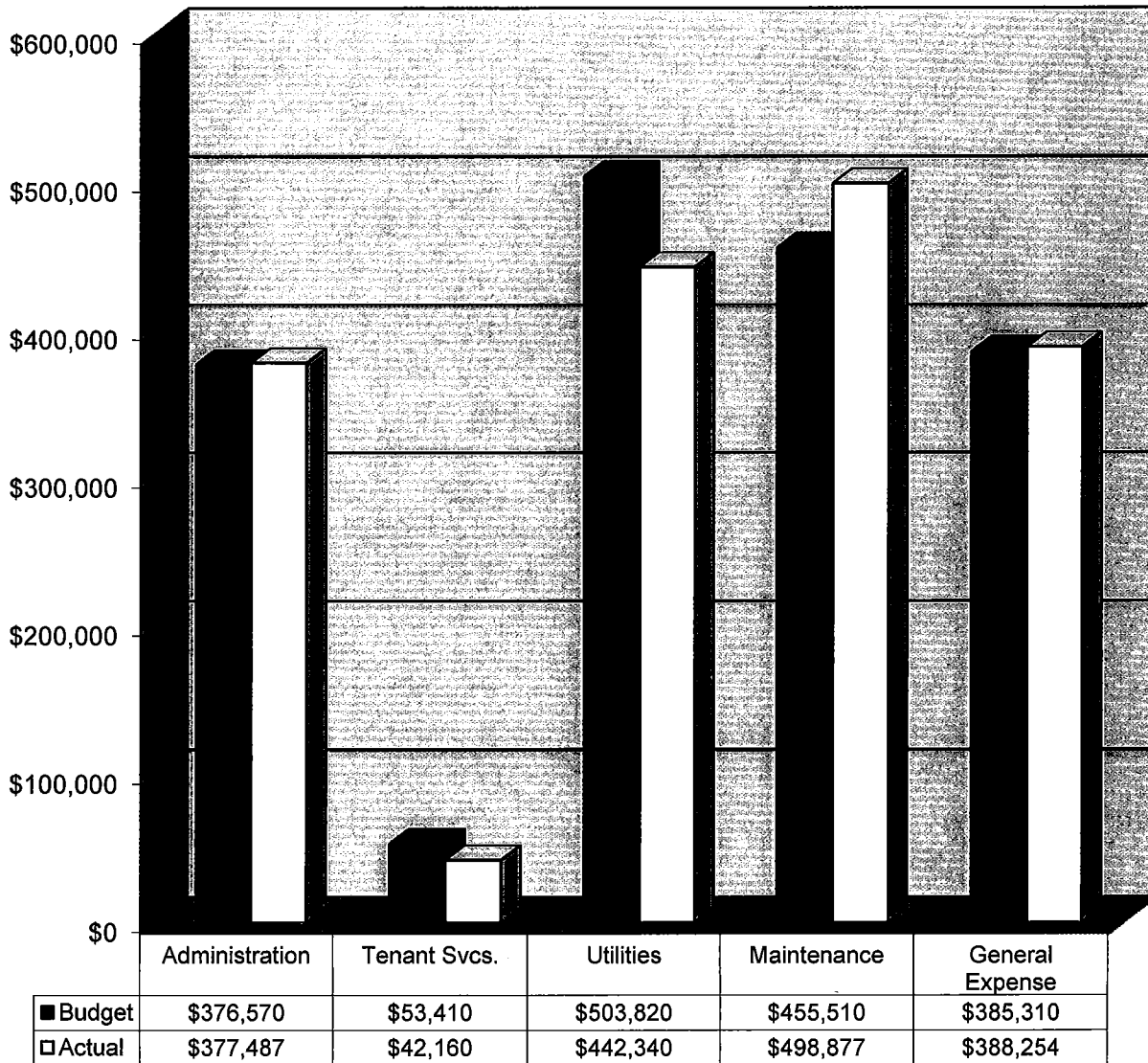
The table above illustrates the differences between amounts budgeted and actual income. Tenant revenue exceeded budgeted by \$10,038, while HUD's operating subsidy was \$66,772 in excess of budget.

Tenant revenues increased due to normal increases in tenant income.

HUD subsidies were \$66,772 higher than budgeted due to the change in HUD's operating subsidy formula and an increase in HUD's pro-ratio factor during 2012.

LOW RENT HOUSING EXPENDITURES

Budget vs. Actual Expenditures



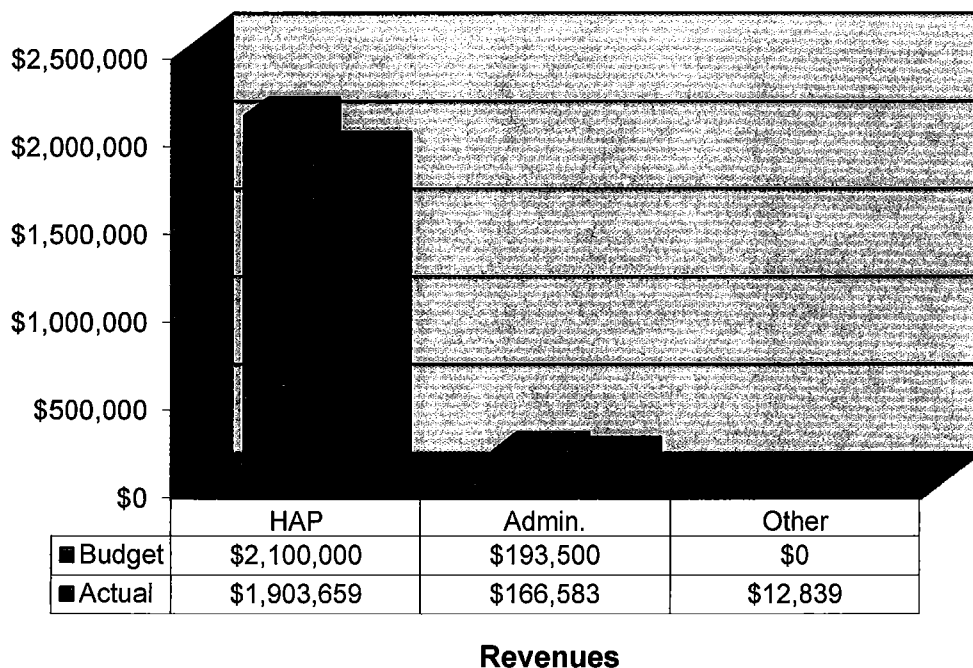
The table above illustrates the differences between the LIPH budgeted and actual expenses. The majority of the LIPH expenditures were consistent with or below budgeted amounts. Total maintenance expenses, as depicted above, were \$43,367 over the amount budgeted for the year ended March 31, 2012 due to previously deferred maintenance projects undertaken during the current fiscal year. Utility expenses were \$61,480 below the amount budgeted due mainly to the unusually milder temperatures experienced during the winter of 2011/2012.

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	\$ 2,100,000	\$ 1,903,659	\$ (196,341)	-9.35%
Administrative Fees	193,500	166,583	(26,917)	13.91%
Other Income	-	12,839	12,839	100.00%
Interest Income	1,000	381	(619)	0.00%
Total Revenue	2,294,500	2,083,462	(211,038)	-9.20%
Operating Expenditures:				
Housing Assistance Payments	2,100,000	2,101,569	1,569	0.07%
Audit Costs	3,500	4,384	884	25.26%
Ongoing Administrative	145,550	100,984	(44,566)	-30.62%
Other General Expense	42,600	40,325	(2,275)	5.34%
Total Expenses	2,291,650	2,247,262	(44,388)	-1.94%
Excess / (Deficiency)	\$ 2,850	\$ (163,800)	\$ (166,650)	100.00%

Housing Choice Voucher Program
Budget vs. Actual Revenues

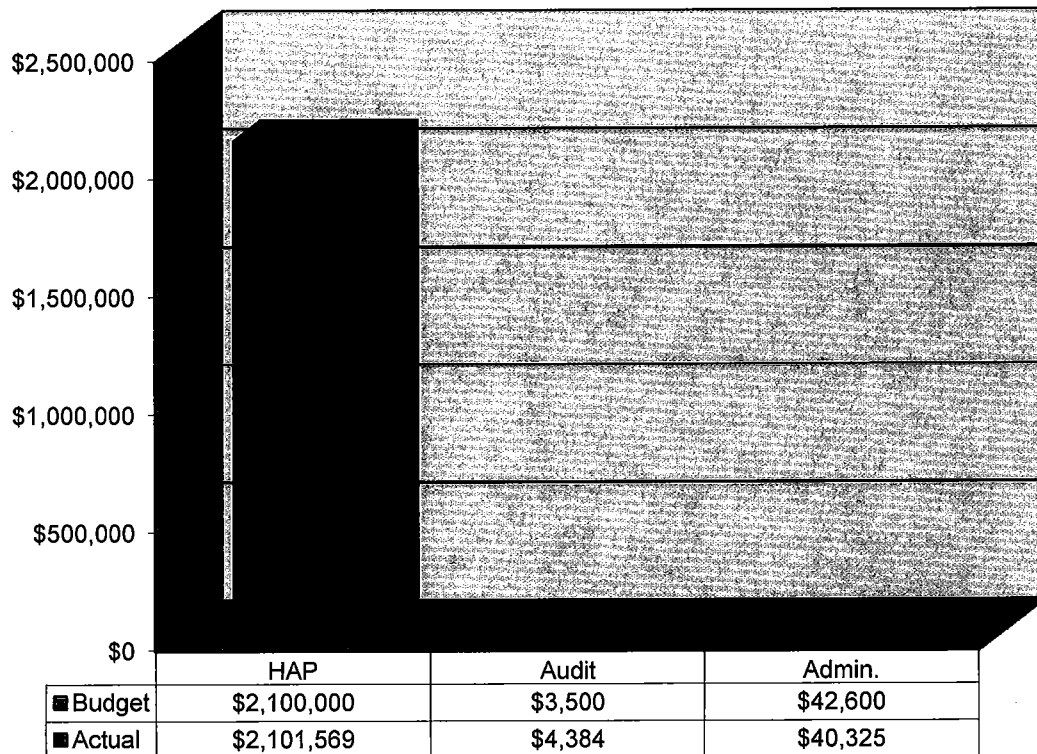


The table above illustrates the differences between budgeted and actual amounts for the Housing Choice Voucher Program.

Housing assistance payment subsidies were \$196,341 less than budget while housing assistance payments were \$1,569 over budget, resulting in a decrease of approximately \$187,000 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 Choice Voucher Budget vs. Actual Expenses



Expenses

Housing assistance payments were \$1,569 over budgeted levels during the fiscal year ended March 31, 2012 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>	<u>Net Change</u>	
Land	\$ 620,838	\$ 620,838	\$ -	0.00%
Buildings & Improvements	18,909,881	18,223,011	686,870	3.77%
Equipment & Furniture	1,880,411	1,823,219	57,192	3.14%
Construction in Progress	1,978,788	2,536,656	(557,868)	0.00%
Total	23,389,918	23,203,724	186,194	0.80%
Accumulated Depreciation	(14,966,651)	(14,457,891)	(508,760)	3.52%
Net Capital Assets	<u>\$ 8,423,267</u>	<u>\$ 8,745,833</u>	<u>(322,566)</u>	<u>-3.69%</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, 2012, \$50,000 of which is due within one year.

As of March 31, 2012 the Authority had \$82,407 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.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying comparative statements of net assets of the Housing Authority of the Town of Secaucus, herein referred to as the Authority, as of March 31, 2012 and 2011, and the related comparative statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2012 and 2011, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued our report dated October 19, 2012 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITORS' REPORT
(Continued)

The Management's Discussion and Analysis as detailed in this report is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Authority. The supplemental information contained in this Report is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the 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 of the Authority. Lastly, the supplemental information in the accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 19, 2012

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
Secaucus, New Jersey
COMPARATIVE STATEMENTS OF NET ASSETS
At March 31, 2012 and 2011

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 2,072,204	\$ 2,232,547
Cash and Cash Equivalents - Restricted	510,099	839,822
Cash - Tenant Security Deposits	106,354	103,018
Total Cash	2,688,657	3,175,387
Accounts Receivable - HUD Current Portion	63,212	109,277
Prepaid Expenses and Other Current Assets	55,193	51,140
Total Current Assets	2,807,062	3,335,804
<u>FIXED ASSETS</u>		
Land	620,838	620,838
Buildings and Improvements	18,909,881	18,223,011
Furniture, Equipment and Machinery	1,880,411	1,823,219
Construction in Progress	1,978,788	2,536,656
Total Fixed Assets	23,389,918	23,203,724
Less: Accumulated Depreciation	(14,966,651)	(14,457,891)
Net Fixed Assets	8,423,267	8,745,833
Grants Receivable - Non-current	-	1,048,094
Other Assets	38,111	40,590
Total Non-Current Assets	8,461,378	9,834,517
Total Assets	\$ 11,268,440	\$ 13,170,321
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 17,671	\$ 102,431
Accrued Payroll and Related Taxes	27,922	32,176
Due to Tenants:		
Security Deposits	106,354	103,018
Deferred Revenue	4,483	11,864
Current Portion of Long-Term Debt	50,000	50,000
Accrued Liabilities:		
Compensated Absences - current portion	10,064	6,534
Accrued Interest Payable	23,525	24,348
Other Accrued Liabilities	27,084	-
Payment in Lieu of Taxes	67,309	61,498
Total Current Liabilities	334,412	391,869
Long-Term Debt, Net of Current Portion	1,140,000	1,190,000
Accrued Compensated Absences - Noncurrent	82,407	58,822
Accrued Pension and OPEB Liabilities	50,795	25,769
Total Liabilities	1,607,614	1,666,460
<u>NET ASSETS</u>		
Invested in Net Fixed Assets Net of Related Debt	7,233,267	7,505,833
Restricted Net Assets	510,099	1,920,393
Unrestricted Net Assets	1,917,460	2,077,635
Total Net Assets	9,660,826	11,503,861
Total Liabilities and Net Assets	\$ 11,268,440	\$ 13,170,321

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
Secaucus, New Jersey
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended March 31, 2012 and 2011

	For the Year Ended	
	March 31, 2012	March 31, 2011
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 1,149,058	\$ 1,160,608
HUD Grants - Operating	2,638,968	3,096,726
Other Income	81,239	231,955
Total Revenues	<u>3,869,265</u>	<u>4,489,289</u>
<u>OPERATING EXPENSES</u>		
Administration	652,581	715,466
Housing Assistance Payments	2,101,569	2,061,183
Tenant Services	63,974	62,930
Utilities	467,680	539,781
Ordinary Maintenance & Operations	598,203	548,806
General Expense	241,319	157,433
Depreciation Expense	508,760	496,827
Total Operating Expenses	<u>4,634,086</u>	<u>4,582,426</u>
EXCESS OF OPERATING REVENUE OVER EXPENSES	(764,821)	(93,137)
Non Operating Revenues/(Expenses):		
Interest Income	<u>1,408</u>	<u>5,409</u>
Income / (Loss) Before Contributions and Transfers	(763,413)	(87,728)
Capital Grants	<u>77,750</u>	<u>744,660</u>
INCREASE IN NET ASSETS	(685,663)	656,932
Prior Period Adjustments	(1,157,372)	-
Beginning Net Assets	<u>11,503,861</u>	<u>10,846,929</u>
Ending Net Assets	<u>\$ 9,660,826</u>	<u>\$ 11,503,861</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, 2012 and 2011

	For the Year Ended	
	March 31, 2012	March 31, 2011
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 1,137,632	\$ 1,161,128
From Government Agencies for Operating Grants	2,515,664	3,096,726
For Other Operating Revenues	81,239	231,955
Cash Paid:		
To Employees for Operations	(575,084)	(631,667)
To Suppliers for Operations	(1,905,518)	(1,471,600)
For Housing Assistance Payments	(2,101,569)	(2,061,183)
Net Cash Provided by Operating Activities	(273,801)	325,359
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	77,750	672,767
Acquisition of Property and Equipment	(186,194)	(979,055)
Interest paid	(55,893)	-
Repayments of Long-term Debt	(50,000)	(45,000)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(214,337)	(351,288)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	1,408	5,409
Net Cash Provided by Investing Activities	1,408	5,409
Net increase (decrease) in Cash and Cash Equivalents	(486,730)	(20,520)
Cash and Equivalents at Beginning of Period	3,175,387	3,195,907
Cash and Equivalents at End of Period	\$ 2,688,657	\$ 3,175,387
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations		
Operating Income (Loss)	\$ (708,928)	\$ (93,137)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	508,760	496,827
Amortization of Prepaid Financing Costs	2,479	2,479
Decrease (Increase) in Assets		
Prepaid Expenses and Other Current Assets	(4,053)	(1,287)
Accounts Receivable - HUD	(63,213)	-
Increase (Decrease) in Liabilities		
Accounts Payable	(84,760)	13,775
Accrued Payroll and Related Taxes	(4,254)	28,938
Security Deposits	3,336	3,815
Compensated Absences	27,115	(148,384)
Deferred Revenue	(7,381)	520
Interest Payable	(823)	(731)
PILOT Payable	5,811	(3,225)
Other Accrued Liabilities	27,084	-
Accrued Pension and OPEB Liabilities	25,026	25,769
Net Cash Provided by Operating Activities	\$ (273,801)	\$ 325,359

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

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, 2012

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, 2012

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, 2012

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, 2012, 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>3/31/2012</u>	<u>3/31/2011</u>
Checking Accounts	\$ 2,577,377	\$ 3,067,448
Tenant Security Deposit Accounts	106,354	103,018
Savings Accounts and Certificates of Deposit	4,826	4,821
Petty Cash Fund	100	100
Total Cash and Equivalents	<u>\$ 2,688,657</u>	<u>\$ 3,175,387</u>

The carrying amount of the Authority's cash and cash equivalents on deposit at banks as of March 31, 2012 was \$2,688,657 and the bank balances were \$2,700,313. Of the bank balances, \$276,763 was covered by FDIC insurance and \$2,423,550 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, \$2,423,550 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, 2012

NOTE 3 – Deferred Income

Deferred income of \$4,483 and \$11,864 at March 31, 2012 and 2011, respectively, consists of prepaid tenant 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, 2012 and 2011:

	Balance Apr. 1, 2011	Additions	Disposals	Transfers/ Other	Balance 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	<u>\$ 8,745,833</u>	<u>\$ (322,566)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,423,267</u>

	Balance Apr. 1, 2010	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2011
Land	\$ 620,838	\$ -	\$ -	\$ -	\$ 620,838
Buildings and Improvements	17,747,241	278,891	-	196,879	18,223,011
Dwelling Equipment	567,900	7,005	-	-	574,905
Furniture and Equipment	1,248,314	-	-	-	1,248,314
Construction in Progress	2,040,376	693,159	-	(196,879)	2,536,656
Total Fixed Assets	22,224,669	979,055	-	-	23,203,724
Accumulated Depreciation	(13,961,064)	(496,827)	-	-	(14,457,891)
Net Fixed Assets	<u>\$ 8,263,605</u>	<u>\$ 482,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,745,833</u>

Depreciation expense for the fiscal years ended March 31, 2012 and 2011 amounted to \$508,760 and \$496,827, 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.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE 4 - Fixed Assets – (Continued)

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

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, 2012 and 2011, PILOT expense was accrued in the amount of \$68,406 and \$62,595, respectively.

NOTE 6 – Accrued Compensated Absences

Accrued compensated absences of \$92,471 and \$65,356 at March 31, 2012 and 2011, 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 vacation for one year. Any such vacation not taken in the second year shall be lost. Accumulation shall be for one year only. 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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE 7 – Pension Plan (Continued)

by PERS and are billed annually to the Authority. The Authority's contributions to the pension plan for, 2012 and 2011 were \$71,605 and \$32,176, 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, 2012, 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.

NOTE 9 – Construction Commitments

At March 31, 2012, 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, 2012, 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, 2012 and 2011 consists of the following two components:

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Proceeds from Borrowings to be used		
only for budgeted Capital Fund Programs	\$ 21,937	\$ 1,246,150
Housing Assistance Payment Equity	<u>488,162</u>	<u>674,243</u>
	<u>\$ 510,099</u>	<u>\$ 1,920,393</u>

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE 11 – Restricted Net Assets (continued)

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, 2012, 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.

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.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE 11 – Restricted Net Assets (Continued)

In accordance with HUD requirements, the Authority's restricted and unrestricted fund balance consists of the following components as of March 31, 2012 and 2011:

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		<u>528</u>	\$ 135,462

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	<u>527</u>	<u>488,162</u>

Total HCV Program Net Assets		<u>\$ 623,624</u>
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Administrative Fee Equity - included in Unrestricted Net Assets

Administrative Fee Reserves at March 31, 2010	\$	148,689	
Net Administrative Fee Reserves Expended FYE March 31, 2011		(7,818)	
Interest income on Administrative Fee Reserves		409	
Fraud Recoveries - FYE March 31, 2011		<u>664</u>	\$ 141,944

Housing Assistance Payment Reserves - included in Restricted Net Assets

Housing Assistance Payment Reserves at March 31, 2010	541,700	
Unexpended HAP Subsidy - FYE March 31, 2011	130,430	
Interest income on Housing Assistance Payments Reserves	1,449	
Fraud Recoveries - FYE March 31, 2011	<u>664</u>	<u>674,243</u>

Total HCV Program Net Assets		<u>\$ 816,187</u>
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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 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, 2012 and 2011, the Authority earned restricted interest of \$16 and \$1,798, 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.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

Note 12 – Notes Payable (Continued)

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>
2013	50,000	55,460	105,460
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
2018-2022	355,000	183,853	538,853
2023-2027	450,000	84,431	534,431
7/20/1905	105,000	2,602	107,602
TOTAL	<u>\$ 1,190,000</u>	<u>\$ 525,628</u>	<u>\$ 1,715,628</u>

Note 13 – Non-current Grants Receivable

Non-current grants receivable of -0- and \$1,048,094, at March 31, 2012 and 2011, respectively, represent expenditures made under the Authority's capital fund leveraging program which will be reimbursed by the U.S. Department of Housing and Urban Development from funding to be made available subsequent to March 31, 2012. During the fiscal year ended March 31, 2012 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.

NOTE 14 – 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. 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	\$73,238
Interest on net OPEB obligation	1,288
Adjustment to annual required contribution	-0-
Annual OPEB cost (expense)	\$74,526
Contributions made	49,500
Increase in net OPEB obligation	\$25,026
Net OPEB Obligation – beginning of year	25,769
Net OPEB Obligation – end of year	\$50,795

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE 14 – Other Post Employment Retirement Benefits (OPEB) (Continued)

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2012 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
6/30/2010	N/A	N/A	N/A
6/30/2011	\$71,814	0.00	\$25,769
6/30/2012	\$74,526	0.00	\$50,795

FUNDED STATUS AND FUNDING PROGRESS

As of April 1, 2012, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$1,281,081, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAL) of \$1,281,081. The covered payroll (annual payroll of active employees covered by the plan) was \$575,084 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 \$1,460,474 or by 14.0% and the corresponding Normal Cost would increase to \$35,994.

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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE 14 – Other Post Employment Retirement Benefits (OPEB) (Continued)

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, 2012

Reconciliation of Plan Participation

Active Employees	April 1, 2012	April 1, 2011
A. Average Age of Hire	N/A	N/A
B. Average Service	11.9	10.9
C. Average Current Age	51.6	50.6

Note 15 – Subsequent Events

The Authority has evaluated subsequent events through October 19, 2012, the date the financial statements were available to be issued.

Note 16 – Prior Period Adjustment

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.

There were no prior period adjustments at March 31, 2011.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
Secaucus, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2012

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
<u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA#14.850a)	\$ -	\$ 508,635	\$ 508,635	\$ -
Capital Fund Program (CFDA# 14.872)	<u>-</u>	<u>137,841</u>	<u>\$ 137,841</u>	<u>-</u>
Subtotal	<u>-</u>	<u>646,476</u>	<u>646,476</u>	<u>-</u>
<u>HOUSING ASSISTANCE PAYMENTS PROGRAM</u>				
Housing Choice Voucher Program (CFDA # 14.871)	<u>-</u>	<u>2,070,242</u>	<u>2,070,242</u>	<u>-</u>
Subtotal	<u>-</u>	<u>2,070,242</u>	<u>2,070,242</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS	<u>\$ -</u>	<u>\$ 2,716,718</u>	<u>\$ 2,716,718</u>	<u>\$ -</u>

NOTES TO 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

Financial Data - Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,524,974	\$154,223	\$393,007	\$2,072,204		\$2,072,204
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted	\$21,937	\$488,162		\$510,099		\$510,099
114 Cash - Tenant Security Deposits	\$106,354			\$106,354		\$106,354
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$1,653,265	\$642,385	\$393,007	\$2,688,657		\$2,688,657
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$63,212			\$63,212		\$63,212
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	\$63,212	\$0	\$0	\$63,212		\$63,212
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$52,753	\$2,440		\$55,193		\$55,193
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$1,769,230	\$644,825	\$393,007	\$2,807,062		\$2,807,062

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data - Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
161 Land	\$620,838			\$620,838		\$620,838
162 Buildings	\$18,909,881			\$18,909,881		\$18,909,881
163 Furniture, Equipment & Machinery - Dwellings	\$504,134		\$50,000	\$554,134		\$554,134
164 Furniture, Equipment & Machinery - Administration	\$996,603	\$4,808	\$324,866	\$1,326,277		\$1,326,277
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$14,607,916	-\$4,808	-\$353,927	-\$14,966,651		-\$14,966,651
167 Construction in Progress	\$1,978,788			\$1,978,788		\$1,978,788
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,402,328	\$0	\$20,939	\$8,423,267		\$8,423,267
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	\$38,111			\$38,111		\$38,111
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$8,440,439	\$0	\$20,939	\$8,461,378		\$8,461,378
190 Total Assets	\$10,209,669	\$644,825	\$413,946	\$11,268,440		\$11,268,440
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$17,671			\$17,671		\$17,671
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$15,690	\$4,357	\$7,875	\$27,922		\$27,922
322 Accrued Compensated Absences - Current Portion	\$7,539	\$1,584	\$941	\$10,064		\$10,064
324 Accrued Contingency Liability						
325 Accrued Interest Payable	\$23,525			\$23,525		\$23,525
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$67,309			\$67,309		\$67,309
341 Tenant Security Deposits	\$106,354			\$106,354		\$106,354

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data - Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
342 Deferred Revenues	\$4,483			\$4,483		\$4,483
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$50,000			\$50,000		\$50,000
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other	\$27,084			\$27,084		\$27,084
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	\$319,655	\$5,941	\$8,816	\$334,412		\$334,412
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,140,000			\$1,140,000		\$1,140,000
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$66,631	\$7,301	\$8,475	\$82,407		\$82,407
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$27,857	\$7,959	\$14,979	\$50,795		\$50,795
350 Total Non-Current Liabilities	\$1,234,488	\$15,260	\$23,454	\$1,273,202		\$1,273,202
300 Total Liabilities	\$1,554,143	\$21,201	\$32,270	\$1,607,614		\$1,607,614
508.1 Invested In Capital Assets, Net of Related Debt	\$7,212,328		\$20,939	\$7,233,267		\$7,233,267
509.2 Fund Balance Reserved						
511.2 Unreserved, Designated Fund Balance						
511.1 Restricted Net Assets	\$21,937	\$488,162		\$510,099		\$510,099
512.1 Unrestricted Net Assets	\$1,421,261	\$135,462	\$360,737	\$1,917,460		\$1,917,460
512.2 Unreserved, Undesignated Fund Balance						
513 Total Equity/Net Assets	\$8,655,526	\$623,624	\$381,676	\$9,660,826		\$9,660,826
600 Total Liabilities and Equity/Net Assets	\$10,209,669	\$644,825	\$413,946	\$11,268,440		\$11,268,440

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data Schedule - Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,133,458			\$1,133,458		\$1,133,458
70400 Tenant Revenue - Other	\$15,600			\$15,600		\$15,600
70500 Total Tenant Revenue	\$1,149,058	\$0	\$0	\$1,149,058	\$0	\$1,149,058
70600 HUD PHA Operating Grants	\$568,726	\$2,070,242		\$2,638,968		\$2,638,968
70610 Capital Grants	\$77,750			\$77,750		\$77,750
70710 Management Fee			\$218,559	\$218,559	-\$218,559	\$0
70720 Asset Management Fee			\$33,000	\$33,000	-\$33,000	\$0
70730 Book Keeping Fee			\$44,197	\$44,197	-\$44,197	\$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue			\$295,756	\$295,756	-\$295,756	\$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$1,006	\$381	\$5	\$1,392		\$1,392
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	\$5,451	\$1,055		\$6,506		\$6,506
71500 Other Revenue	\$36,449	\$11,784	\$26,500	\$74,733		\$74,733
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted	\$16	\$0		\$16		\$16
70000 Total Revenue	\$1,838,456	\$2,083,462	\$322,261	\$4,244,179	-\$295,756	\$3,948,423
91100 Administrative Salaries	\$150,837	\$58,781	\$95,698	\$305,316		\$305,316
91200 Auditing Fees	\$3,362	\$4,384	\$4,500	\$12,246		\$12,246
91300 Management Fee	\$218,559			\$218,559	-\$218,559	\$0
91310 Book-keeping Fee	\$24,750	\$19,447		\$44,197	-\$44,197	\$0
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$65,405	\$40,325	\$83,443	\$189,173		\$189,173
91600 Office Expenses	\$33,937	\$20,072	\$55,700	\$109,709		\$109,709

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data Schedule - Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
91700 Legal Expense	\$5,500	\$1,500	\$23,720	\$30,720		\$30,720
91800 Travel	\$1,590	\$1,184		\$2,774		\$2,774
91810 Allocated Overhead						
91900 Other	\$2,643			\$2,643		\$2,643
91000 Total Operating - Administrative	\$506,583	\$145,693	\$263,061	\$915,337	-\$262,756	\$652,581
92000 Asset Management Fee	\$33,000			\$33,000	-\$33,000	\$0
92100 Tenant Services - Salaries	\$42,003			\$42,003		\$42,003
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$21,814			\$21,814		\$21,814
92400 Tenant Services - Other	\$157			\$157		\$157
92500 Total Tenant Services	\$63,974	\$0	\$0	\$63,974	\$0	\$63,974
93100 Water	\$41,678			\$41,678		\$41,678
93200 Electricity	\$295,165			\$295,165		\$295,165
93300 Gas	\$24,521			\$24,521		\$24,521
93400 Fuel						
93500 Labor	\$45,462			\$45,462		\$45,462
93600 Sewer	\$34,925			\$34,925		\$34,925
93700 Employee Benefit Contributions - Utilities	\$25,340			\$25,340		\$25,340
93800 Other Utilities Expense	\$589			\$589		\$589
93000 Total Utilities	\$467,680	\$0	\$0	\$467,680	\$0	\$467,680
94100 Ordinary Maintenance and Operations - Labor	\$182,303			\$182,303		\$182,303
94200 Ordinary Maintenance and Operations - Materials and Other	\$51,618			\$51,618		\$51,618
94300 Ordinary Maintenance and Operations Contracts	\$264,956			\$264,956		\$264,956
94500 Employee Benefit Contributions - Ordinary Maintenance	\$99,326			\$99,326		\$99,326
94000 Total Maintenance	\$598,203	\$0	\$0	\$598,203	\$0	\$598,203
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data Schedule - Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$15,984		\$8,792	\$24,776		\$24,776
96120 Liability Insurance	\$10,868		\$4,396	\$15,264		\$15,264
96130 Workmen's Compensation	\$13,046	\$3,528	\$4,395	\$20,969		\$20,969
96140 All Other Insurance	\$2,222			\$2,222		\$2,222
96100 Total Insurance Premiums	\$42,120	\$3,528	\$17,583	\$63,231	\$0	\$63,231
96200 Other General Expenses		\$22,640		\$22,640		\$22,640
96210 Compensated Absences	\$16,661	\$2,595	\$7,859	\$27,115		\$27,115
96300 Payments in Lieu of Taxes	\$68,406			\$68,406		\$68,406
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$85,067	\$25,235	\$7,859	\$118,161	\$0	\$118,161
96710 Interest of Mortgage (or Bonds) Payable	\$57,448			\$57,448		\$57,448
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs	\$2,479			\$2,479		\$2,479
96700 Total Interest Expense and Amortization Cost	\$59,927	\$0	\$0	\$59,927	\$0	\$59,927
96900 Total Operating Expenses	\$1,856,554	\$174,456	\$288,503	\$2,319,513	-\$295,756	\$2,023,757
97000 Excess of Operating Revenue over Operating Expenses	-\$18,098	\$1,909,006	\$33,758	\$1,924,666	\$0	\$1,924,666
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$2,090,267		\$2,090,267		\$2,090,267
97350 HAP Portability-In		\$11,302		\$11,302		\$11,302

Secaucus Housing Authority (NJ083)

SECAUCUS, NJ

Financial Data Schedule - Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
97400 Depreciation Expense	\$507,081		\$1,679	\$508,760		\$508,760
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$2,363,635	\$2,276,025	\$290,182	\$4,929,842	-\$295,756	\$4,634,086
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$525,179	-\$192,563	\$32,079	-\$685,663	\$0	-\$685,663
11020 Required Annual Debt Principal Payments	\$50,000	\$0	\$0	\$50,000	\$0	\$50,000
11030 Beginning Equity	\$10,338,077	\$816,187	\$349,597	\$11,503,861		\$11,503,861
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$1,157,372			-\$1,157,372		-\$1,157,372
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						

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Financial Data Schedule - Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		\$135,462		\$135,462		\$135,462
11180 Housing Assistance Payments Equity		\$488,162		\$488,162		\$488,162
11190 Unit Months Available	3300	3000	0	6300	0	6300
11210 Number of Unit Months Leased	3293	2593	0	5886	0	5886
11270 Excess Cash	\$1,225,180			\$1,225,180		\$1,225,180
11610 Land Purchases	\$0		\$0	\$0		\$0
11620 Building Purchases	\$27,750		\$0	\$27,750		\$27,750
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	\$107,448		\$0	\$107,448		\$107,448
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, 2012

<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	-
Exerior 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, 2011	\$ 70,560
Debt Proceeds Deposited	95,128
Interest earned	16
Total Funds Available	165,704
Less Disbursements during the Year	(143,767)
Balance at March 31, 2011	<u>\$ 21,937</u>

**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 the financial statements of the Housing Authority of the Town of Secaucus as of and for the year ended March 31, 2012 and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures 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 controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

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

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' 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, the Board of Commissioners, and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 19, 2012

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

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

Compliance

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 the Entity's major federal programs for the year ended March 31, 2012. The Secaucus Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Secaucus Housing Authority's management. Our responsibility is to express an opinion on the housing authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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.

In our opinion, the housing authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.

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

(Continued)

Internal Control Over Compliance

Management of the Housing Authority of the Town of Secaucus is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the housing authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the housing authority's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the Board of Commissioners and the U. S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 19, 2012

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
SECAUCUS, NEW JERSEY
March 31, 2012

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:

Unqualified

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:

Unqualified

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
--------	------------------------------------

14.85	Low Rent Public Housing
-------	-------------------------

14.871	Housing Choice Voucher 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