

KEANSBURG HOUSING AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

**KEANSBURG HOUSING AUTHORITY
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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Keansburg Housing Authority:

Report on the Financial Statements

We have audited the financial statements of the Keansburg Housing Authority ("the Authority") as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Keansburg Housing Authority's basic financial statements as listed in the table of contents.

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 the 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Keansburg Housing Authority ("the Authority"), as of September 30, 2013 and 2012, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Keansburg Housing Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; the schedule of capital fund program costs and advances and financial data schedule, as required by the United States Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, notes to schedule of expenditures of federal awards, schedule of findings and questioned costs, schedule of capital fund program costs and advances and financial data schedule ("the Schedules") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2014 on our consideration of the Keansburg Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Keansburg Housing Authority's internal control over financial reporting and compliance.

January 24, 2014
Toms River, New Jersey

Fallon & Larsen LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

As Management of the Keansburg Housing Authority ("the Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A. Financial Highlights

1. The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,585,925 (net position) as opposed to \$1,804,551 for the prior fiscal year.
2. As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending unrestricted net position of \$237,370, a decrease of \$34,823 from the prior fiscal year.
3. The Authority's cash and cash equivalents (including restricted cash of \$183,921) at September 30, 2013 totaled \$504,125 representing a decrease of \$86,516 from the prior fiscal year.
4. The Authority had total operating revenues of \$4,164,890 and total operating expenses of \$4,396,746 (including depreciation of \$148,238) for the year ended September 30, 2013.
5. The Authority's capital outlays for the fiscal year were \$13,228.
6. The Authority's expenditures of federal awards amounted to \$3,934,199 for the fiscal year.

B. Using the Annual Report

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

B. Using the Annual Report

2. 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 Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows.

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

The Statements of Cash Flows presents relevant information about the Authority's cash receipts and cash payments during the year.

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 10 through 13.

3. 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.

4. Supplemental Information

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. The Schedule of Expenditures of Federal Awards can be found on page 33 of this report.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

C. The Authority as a Whole

The Authority's net position decreased during the fiscal year as detailed on page 7. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on an amount pre-approved by HUD. Grants are drawn down based on need against a pre-authorized funding level.

By far, the largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

Significant Changes from September 30th, 2012 to September 30th, 2013

Cash and cash equivalents (excluding restricted cash) decreased \$27,723 from 347,927 in 2012 to \$320,204 in 2013 primarily due to the Authority not generating sufficient cash from operations to cover cash out flows.

Restricted cash decreased \$58,793 as the Authority was required by HUD to utilize previously received housing assistance payments in the current year.

Accrued wages and payroll taxes increased \$33,532 as the Authority accrued for more days of payroll as of September 30, 2013 than at September 30, 2012.

HUD operating grants increased from \$3,047,746 in 2012 to \$3,077,031 in 2013 or \$29,285. Specifically, Housing Choice Voucher program grant revenues increased \$88,258 as primarily due to HUD requiring the Authority to utilize more program reserves in 2012 than for current year HAP expenditures. Low Rent Public Housing program subsidy decreased \$20,429 due to federal budget cutbacks and the portion of the Authority's capital fund that it uses for operations decreased \$28,544.

Other revenues increased \$44,148 from 2012 to 2013 primarily due to the Authority servicing more portable tenants in the Housing Choice Voucher program.

Total operating expenses (excluding depreciation and housing assistance payments) decreased from \$932,561 in 2012 to \$893,174 in 2013 or \$39,387 as a result of overall cost cutting measures implemented at the Authority.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

C. The Authority as a Whole (continued)

Computation of Net Position is as follows:

	September 30,			%
	2013	2012	Variance	Change
Cash and Other Current Assets	\$ 349,177	\$ 364,295	\$ (15,118)	-4.15%
Restricted Cash	183,921	242,714	(58,793)	-24.22%
Capital Assets, Net	<u>1,379,634</u>	<u>1,514,644</u>	<u>(135,010)</u>	-8.91%
Total Assets	1,912,732	2,121,653	(208,921)	-9.85%
Less: Total Liabilities	<u>326,807</u>	<u>317,102</u>	<u>9,705</u>	3.06%
Net Position	<u>\$ 1,585,925</u>	<u>\$ 1,804,551</u>	<u>\$ (218,626)</u>	-12.12%
Net Investment in Capital Assets	\$ 1,164,634	\$ 1,289,644	\$ (125,010)	-9.69%
Restricted Net Position	183,921	242,714	(58,793)	-24.22%
Unrestricted Net Position	<u>237,370</u>	<u>272,193</u>	<u>(34,823)</u>	-12.79%
Total Net Position	<u>\$ 1,585,925</u>	<u>\$ 1,804,551</u>	<u>\$ (218,626)</u>	-12.12%

Computations of Changes in Net Position is as follows:

	September 30,			%
	2013	2012	Variance	Change
<u>Operating revenues:</u>				
Tenant Revenues	\$ 306,950	\$ 300,745	\$ 6,205	2.06%
HUD Operating Grants	3,077,031	3,047,746	29,285	0.96%
Other Revenues	<u>780,909</u>	<u>736,761</u>	<u>44,148</u>	5.99%
Total Revenues	<u>4,164,890</u>	<u>4,085,252</u>	<u>79,638</u>	1.95%
<u>Operating Expenses:</u>				
Other Operating Expenses	893,174	932,561	(39,387)	-4.22%
Housing Assistance Payments	3,355,334	3,398,168	(42,834)	-1.26%
Depreciation	<u>148,238</u>	<u>146,897</u>	<u>1,341</u>	0.91%
Total Operating Expenses	<u>4,396,746</u>	<u>4,477,626</u>	<u>(80,880)</u>	-1.81%
Operating Loss	<u>(231,856)</u>	<u>(392,374)</u>	<u>160,518</u>	-40.91%
<u>Other Revenues (Expense):</u>				
Interest expense	(9,998)	(10,762)	764	-7.10%
Interest income	-	410	(410)	-100.00%
Capital Grants	<u>23,228</u>	<u>3,985</u>	<u>19,243</u>	482.89%
Net Other Revenue (Expense)	<u>13,230</u>	<u>(6,367)</u>	<u>19,597</u>	-307.79%
Change in Net Position	(218,626)	(398,741)	180,115	-45.17%
Net Position, Beginning of Year (as restated)	<u>1,804,551</u>	<u>2,203,292</u>	<u>(398,741)</u>	-18.10%
Net Position, End of Year	<u>\$ 1,585,925</u>	<u>\$ 1,804,551</u>	<u>\$ (218,626)</u>	-12.12%

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

D. Budgetary Highlights

For the year ended September 30, 2013, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. Also, the Authority adopted a comprehensive annual budget for the entity as a whole. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the deficit of revenues over expenses the Authority's net position decreased during the fiscal year.

E. Capital Assets and Debt Administration

1. Capital Assets

As of September 30, 2013, the Authority's capital assets for its Proprietary Fund totaled \$1,379,634 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

The Authority purchased \$13,228 of capital assets of which all were made from capital grants during the fiscal year ended September 30, 2013.

Additional information on the Authority's capital assets can be found in the Notes to the Financial Statements, which is included in this Report.

2. Long Term Debt

In December 2004, the Authority financed a portion of their future capital fund allocation through participation in a debt leveraging pool with various Housing Authorities in the State of New Jersey. The Capital Fund Program Revenue Bonds 2004 Series A "the Bonds" were sponsored by the New Jersey Housing and Mortgage Finance Agency. The leveraging provided the Authority with \$281,990 after closing costs to be used to fund various capital improvements throughout the Authority. The debt service on the bonds will be paid from future capital grants funded by the United States Department of Housing and Urban Development. The bonds began to mature in November, 2005 and continue to be paid through November 2025. Bonds maturing during the fiscal year ended September 30, 2013 amounted to \$10,000.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

F. Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2014.

1. The need for Congress to fund the war on terrorism, the Federal budget deficit and the possible cut-back on HUD subsidies and grants.
2. The Authority's unrestricted net position of \$237,370 may be used to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's unrestricted net position appears sufficient to cover any shortfall. The restricted net position in the HCV program of \$183,801 can only be used to fund future Section 8 Landlord rent subsidies. The Capital Fund Bond Proceeds amount of \$120 can only be used for future Capital Fund purchases in accordance with the bond indenture or the repayments of debt. Restricted net position as of September 30, 2013 totaled \$183,921.

G. 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 financial information should be addressed to Douglas Dzema, Executive Director, Housing Authority of the Borough of Keansburg, 1 Church St. Keansburg, NJ 07734.

FINANCIAL STATEMENTS

KEANSBURG HOUSING AUTHORITY
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2013 AND 2012

ASSETS		
	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 320,204	\$ 347,927
Accounts receivable, net	18,373	6,249
Prepaid expenses	<u>10,600</u>	<u>10,119</u>
Total current assets	<u>349,177</u>	<u>364,295</u>
Non-current assets:		
Restricted cash	183,921	242,714
Capital assets, net	<u>1,379,634</u>	<u>1,514,644</u>
Total non-current assets	<u>1,563,555</u>	<u>1,757,358</u>
Total assets	<u>1,912,732</u>	<u>2,121,653</u>
LIABILITIES		
Current liabilities:		
Accounts payable	21,346	36,734
Accrued wages and payroll taxes	39,046	5,514
Accrued compensated absences, current portion	22,418	17,674
Tenant security deposits	23,030	20,750
Prepaid tenant rent	75	39
Current portion of revenue bonds	<u>10,000</u>	<u>10,000</u>
Total current liabilities	<u>115,915</u>	<u>90,711</u>
Non-current liabilities:		
Revenue bonds, net of current portion	205,000	215,000
Accrued compensated absences, net of current portion	<u>5,892</u>	<u>11,391</u>
Total non-current liabilities	<u>210,892</u>	<u>226,391</u>
Total liabilities	<u>326,807</u>	<u>317,102</u>
NET POSITION		
Net position:		
Net investment in capital assets	1,164,634	1,289,644
Restricted	183,921	242,714
Unrestricted	<u>237,370</u>	<u>272,193</u>
Total net position	<u>\$ 1,585,925</u>	<u>\$ 1,804,551</u>

See accompanying notes to financial statements

**KEANSBURG HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Tenant revenue	\$ 306,950	\$ 300,745
HUD operating grants	3,077,031	3,047,746
Other revenues	<u>780,909</u>	<u>736,761</u>
Total operating revenue	<u>4,164,890</u>	<u>4,085,252</u>
Operating expenses:		
Administrative	364,961	370,508
Tenant services	2,473	2,697
Utilities	230,733	244,850
Ordinary repairs and maintenance	238,409	264,681
Insurance and other general expenses	56,598	49,825
Housing assistance payments	3,355,334	3,398,168
Depreciation	<u>148,238</u>	<u>146,897</u>
Total operating expenses	<u>4,396,746</u>	<u>4,477,626</u>
Operating loss	<u>(231,856)</u>	<u>(392,374)</u>
Non-operating revenues (expenses):		
Interest expense	(9,998)	(10,762)
Interest income	<u>-</u>	<u>410</u>
Net non-operating revenues (expense)	<u>(9,998)</u>	<u>(10,352)</u>
Loss before capital grants	(241,854)	(402,726)
Capital grants	<u>23,228</u>	<u>3,985</u>
Changes in net position	(218,626)	(398,741)
Total net position, beginning of year (as restated)	<u>1,804,551</u>	<u>2,203,292</u>
Total net position, end of year	<u>\$ 1,585,925</u>	<u>\$ 1,804,551</u>

See accompanying notes to financial statements

KEANSBURG HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 1,077,343	\$ 1,039,000
Cash received from grantors	3,080,104	3,096,057
Cash paid to employees	(221,748)	(286,456)
Cash paid to vendors	<u>(4,012,217)</u>	<u>(4,067,216)</u>
Net cash flows provided (used) by operating activities	<u>(76,518)</u>	<u>(218,615)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(13,228)	(3,985)
Interest paid on capital debt	(9,998)	(10,762)
Principal payments on long term debt	(10,000)	(10,000)
Proceeds from capital grants	<u>23,228</u>	<u>3,985</u>
Net cash flows used by capital and related financing activities	<u>(9,998)</u>	<u>(20,762)</u>
Cash Flows from Investing Activities:		
Interest received	<u>-</u>	<u>473</u>
Net cash flows provided by investing activities	<u>-</u>	<u>473</u>
Net increase (decrease) in cash	(86,516)	(238,904)
Cash and cash equivalents, beginning of year	<u>590,641</u>	<u>829,545</u>
Cash and cash equivalents, end of year	<u>\$ 504,125</u>	<u>\$ 590,641</u>
A reconciliation of cash and cash equivalents to the Statements of Net Position is as follows:		
Cash and cash equivalents	\$ 320,204	\$ 347,927
Restricted cash	<u>183,921</u>	<u>242,714</u>
	<u>\$ 504,125</u>	<u>\$ 590,641</u>

See accompanying notes to financial statements

KEANSBURG HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (231,856)	\$ (392,374)
Items which did not use cash:		
Depreciation	148,238	146,897
Bad debts	50	-
Changes in operating assets and liabilities:		
Accounts receivable - HUD	-	46,622
Accounts receivable - other government	622	(3,877)
Accounts receivable - tenants	(12,796)	461
Prepaid expenses	(481)	(791)
Accounts payable	(15,388)	(15,735)
Accrued wages and payroll taxes	5,563	(3,517)
Accrued compensated absences	(755)	2,690
Tenant security deposits	2,280	1,033
Other accrued liabilities	27,969	-
Prepaid tenant rent	<u>36</u>	<u>(24)</u>
Net cash provided (used) by operating activities	\$ <u>(76,518)</u>	\$ <u>(218,615)</u>

See accompanying notes to financial statements

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the Borough of Keansburg ("Keansburg Housing Authority") or ("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") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Borough of Keansburg. The Authority is responsible for operating certain low-rent housing programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to HUD 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 maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

B. Description of Programs

Low Rent Public Housing Program

The public housing program is designed to provide low-cost housing within the Borough of Keansburg. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Housing Choice Voucher Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Public Housing Capital Fund Program

The purpose of the Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

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

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

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

D. Basis of Accounting

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The funds of the Authority are all considered Enterprise Funds that are used to account for activities that are operated in a manner similar to those found in the private sector.

All enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

The Authority's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"), as amended. The Statement requires the financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include a Management's Discussion and Analysis as part of Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

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

On January 30, 2008, HUD issued *PIH Notice 2008-9* which among other things clarifies HUD's reporting position that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net assets, with the associated cash and investments also being reported on HUD's Financial Data Schedule ("FDS") as restricted. Any unused administrative fees should be reported as unrestricted net assets, with the associated assets being reported on the FDS as unrestricted.

Both administrative fees and HAP revenue continues to be recognized under the guidelines set forth in GASB Statement No. 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Housing Choice Voucher program is no longer a cost reimbursement grant, therefore the Authority recognizes unspent administrative fees and HAP revenue in the reporting period as revenue for financial statement reporting.

Any investment income earned on these funds are reflected in the net position account on which the investment income was earned. That is; investment income earned on HAP cash balances are credited to the HAP restricted net position account and investment income earned on administrative fee cash balances are credited to the unrestricted net position account.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

F. Cash, Cash Equivalents and Investments

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

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

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

H. Prepaid Expenses

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

I. Capital Assets, Net

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

♦	Furniture, Fixtures and Equipment	3 - 5 Years
♦	Site Improvements	15 Years
♦	New Buildings	40 Years

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

J. Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at their current salary. Accumulated sick leave will be paid up to 50% of an employees accumulated sick days up to \$7,500.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Prepaid Tenant Rents

The Authority's prepaid tenant rents consist of the prepayment of rent by residents applicable to future periods.

L. Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net zero. In accordance with GASB Statement No. 34, interprogram receivables and payables are eliminated for financial statement purposes, however they are reflected in the accompanying financial data schedule as required by HUD.

M. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided, as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues as non-operating.

N. Taxes

The Authority is a unit of local government under New Jersey law and is exempt from real estate, sales and income taxes.

O. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

The Authority is also required to adopt and submit annually to the State of New Jersey, Department of Community Affairs, an Authority wide budget sixty (60) days prior to the start of the Authority's fiscal year.

NOTE 2. CASH AND CASH EQUIVALENTS

For the fiscal years ended September 30, 2013 and 2012, the carrying amount of the Authority's cash and cash equivalents was \$504,125 and \$590,641, respectively, and the bank balances approximated \$517,549 and \$606,041, respectively.

Of the bank balances, \$366,258 and \$250,114 were covered by federal depository insurance and the remaining \$151,291 and \$355,927 were collateralized with the pledging financial institution for the fiscal years ended September 30, 2013 and 2012, respectively.

<u>Cash Account</u>	<u>2013</u>	<u>2012</u>
Insured:		
FDIC	\$ 366,258	\$ 250,114
Collateralized:		
Collateralized amount held by pledging financial institution	<u>151,291</u>	<u>355,927</u>
	<u>\$ 517,549</u>	<u>\$ 606,041</u>

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a formal policy for custodial credit risk.

All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Tenant receivables consist of rental money due to the Authority for providing housing and are shown net of an allowance for doubtful accounts of \$2,422 and 2,372, respectively.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)

Accounts receivable - miscellaneous consists of amounts due from the Authority's insurance company for fire damages.

Accounts receivable - Other government consists of amounts due from other housing authorities for portable tenants.

Management anticipates that receivables from HUD and other governments are fully collectable and as such, have made no allowance for doubtful accounts.

As of September 30, 2013 and 2012, accounts receivable consisted of the following:

	<u>2013</u>	<u>2012</u>
Tenant receivables, net	\$ 2,423	\$ 2,372
Accounts receivable - miscellaneous	12,695	-
Accounts receivable - other government	<u>3,255</u>	<u>3,877</u>
	<u>\$ 18,373</u>	<u>\$ 6,249</u>

NOTE 4. RESTRICTED CASH

Restricted cash consists of the following at September 30, 2013 and 2012:

<u>Cash Category</u>	<u>2013</u>	<u>2012</u>
Capital Fund Bond Proceeds	\$ 120	\$ 115
Housing Assistant Payment Reserves	<u>183,801</u>	<u>242,599</u>
	<u>\$ 183,921</u>	<u>\$ 242,714</u>

Unspent proceeds from the 2004 Series A Capital Fund Program Revenue Bonds are restricted for certain capital improvements in accordance with the Authority's approved annual plan.

Housing assistance payment reserves are restricted for use only in the Housing Choice Voucher Program for future housing assistance payments.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 5. CAPITAL ASSETS, NET

A summary of the changes in capital assets during 2013 and 2012 were as follows:

Description	September 30, 2012	Additions	Disposals	Transfers	September 30, 2013
<u>Non-depreciable capital assets:</u>					
Land	\$ 61,690	\$ -	\$ -	\$ -	\$ 61,690
Construction in Progress	24,096	13,228	-	(20,111)	17,213
Total	<u>85,786</u>	<u>13,228</u>	<u>-</u>	<u>(20,111)</u>	<u>78,903</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	3,253,547	-	-	20,110	3,273,657
Furniture and Equipment	184,546	-	-	1	184,547
Total	<u>3,438,093</u>	<u>-</u>	<u>-</u>	<u>20,111</u>	<u>3,458,204</u>
Less: accumulated depreciation	<u>(2,009,235)</u>	<u>(148,238)</u>	<u>-</u>	<u>-</u>	<u>(2,157,473)</u>
Net capital assets	<u>\$ 1,514,644</u>	<u>\$ (135,010)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,379,634</u>

Description	September 30, 2011	Additions	Disposals	Transfers	September 30, 2012
<u>Non-depreciable capital assets:</u>					
Land	\$ 61,690	\$ -	\$ -	\$ -	\$ 61,690
Construction in Progress	391,405	3,985	-	(371,294)	24,096
Total	<u>453,095</u>	<u>3,985</u>	<u>-</u>	<u>(371,294)</u>	<u>85,786</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	2,882,253	-	-	371,294	3,253,547
Furniture and Equipment	184,546	-	-	-	184,546
Total	<u>3,066,799</u>	<u>-</u>	<u>-</u>	<u>371,294</u>	<u>3,438,093</u>
Less: accumulated depreciation	<u>(1,862,338)</u>	<u>(146,897)</u>	<u>-</u>	<u>-</u>	<u>(2,009,235)</u>
Net capital assets	<u>\$ 1,657,556</u>	<u>\$ (142,912)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,514,644</u>

NOTE 6. PAYMENTS IN LIEU OF TAXES

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) in accordance with the provisions of its Cooperation Agreement with the Borough of Keansburg. Under the Cooperation Agreement, the Authority must pay the Borough the lesser of 10% of its net shelter rent or the approximate full real property taxes. For the year ended September 30, 2013 and 2012, the Authority incurred PILOT expenses in the amount of \$7,622 and \$5,590, respectively.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 7. PENSION PLANS

Description of Plans – All required employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.64% of employees' annual compensation (as of July 1, 2012), as defined. Employers are required to contribute at an actuarially determined rate for the PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 7. PENSION PLANS (continued)

Three Year Trend Information for PERS			
Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2011	\$ <u>26,183</u>	<u>100</u>	\$ <u>-</u>
September 30, 2012	\$ <u>26,356</u>	<u>100</u>	\$ <u>-</u>
September 30, 2013	\$ <u>27,227</u>	<u>100</u>	\$ <u>-</u>

NOTE 8. POST-RETIREMENT BENEFITS

The Authority participates in New Jersey State Health Benefits Program ("the SHBP"), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions" ("OPEB"). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

A retiree may also receive Authority-paid health benefits in accordance with labor agreements if they have twenty-five (25) or more years enrolled in the pension system.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

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

<u>Year</u>	<u>Amount</u>
2013	\$ <u>88,696</u>
2012	\$ <u>99,912</u>
2011	\$ <u>100,346</u>

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 9. NON-CURRENT LIABILITIES

During 2004, 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, 2004 Series A on December 23, 2004. The Authority's share of funds from the bond issue pool amounted to \$290,000. Interest accrues at 4.418% and is payable semi-annually on May 1st and November 1st. Repayment of the funds shall be paid solely from Capital Fund allocations received by the Authority from HUD.

Outstanding balances at September 30, 2013 and 2012 totaled \$215,000 and \$225,000, respectively. Annual debt service for principal and interest over the next five years and in five year increments are as follows:

Year	Principal	Interest	Total
2014	\$ 10,000	\$ 6,945	\$ 16,945
2015	10,000	9,458	19,458
2016	10,000	8,832	18,832
2017	15,000	8,374	23,374
2018	20,000	7,607	27,607
2019 - 2023	100,000	24,571	124,571
2024 - 2026	<u>50,000</u>	<u>3,505</u>	<u>53,505</u>
	<u>\$ 215,000</u>	<u>\$ 69,292</u>	<u>\$ 284,292</u>

Non-current liabilities activity for the years ended September 30, 2013 and 2012 consisted of the following:

Description	September 30, 2012	Additions	Reductions	September 30, 2013	Amounts due within one year
Capital Fund Revenue Bonds	\$ 225,000	\$ -	\$ (10,000)	\$ 215,000	\$ 10,000
Acc'd compensated absences	<u>29,065</u>	<u>21,404</u>	<u>(22,159)</u>	<u>28,310</u>	<u>22,418</u>
Total	<u>\$ 254,065</u>	<u>\$ 21,404</u>	<u>\$ (32,159)</u>	<u>\$ 243,310</u>	<u>\$ 32,418</u>

Description	September 30, 2011	Additions	Reductions	September 30, 2012	Amounts due within one year
Capital Fund Revenue Bonds	\$ 235,000	\$ -	\$ (10,000)	\$ 225,000	\$ 10,000
Acc'd compensated absences	<u>26,375</u>	<u>24,583</u>	<u>(21,893)</u>	<u>29,065</u>	<u>17,674</u>
Total	<u>\$ 261,375</u>	<u>\$ 24,583</u>	<u>\$ (31,893)</u>	<u>\$ 254,065</u>	<u>\$ 27,674</u>

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 10. RESTRICTED NET POSITION

Restricted net position consists of the following at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Capital fund bond proceeds	\$ 120	\$ 115
Housing assistance payments reserve	<u>183,801</u>	<u>242,599</u>
	<u>\$ 183,921</u>	<u>\$ 242,714</u>

Housing assistance payment reserves are restricted for use only in the Housing Choice Voucher Program for future housing assistance payments.

Unspent proceeds from the 2004 Series A Capital Fund Program Revenue Bonds are restricted for certain capital improvements in accordance with the Authority's approved annual plan.

NOTE 11. ECONOMIC DEPENDENCY

The Housing Choice Voucher and Low Rent Public Housing programs are economically dependent on annual grants from HUD.

NOTE 12. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the years ended September 30, 2013, 2012 and 2011.

NOTE 13. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of September 30, 2013, the Authority estimates that no material liabilities will result from such audits.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE

The Authority adopted GASB 65 *"Items previously Reported as Assets and Liabilities"* for the fiscal years ended September 31, 2013 and 2012. The Authority had previously accounted for loan origination costs as an asset as defined by GASB Concepts Statement No. 4, and had maintained records that are adequate to apply GASB 65 retrospectively. GASB 65 requires that loan origination costs be reported as an outflow of resources in the period in which they are realized. The effects of the change in accounting principle is that assets and unrestricted net position decreased \$4,906 as of October 1, 2011.

NOTE 15. RESTATEMENT OF NET POSITION

As a result of the application of the GASB 65, changes in accounting principles noted in footnote 14, the Authority restated its September 30, 2012 net position from \$1,809,457 to \$1,804,551, a decrease of \$4,906. Under the GASB 65 change in accounting principle, the other assets account, related to loan origination costs was reduced from \$4,906 to \$0.

NOTE 15. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through January 24, 2014 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



**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
Keansburg Housing Authority:

We have audited, in accordance with the 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Keansburg Housing Authority ("the Authority") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Keansburg Housing Authority's basic financial statements, and have issued our report thereon dated January 24, 2014.

Internal Control Over Financial Reporting

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

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

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

**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 Keansburg Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 24, 2014
Toms River, New Jersey

Fallon & Larsen LLP



**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
Keansburg Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Keansburg Housing Authority ("the Authority"), 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 Keansburg Housing Authority's major federal programs for the year ended September 30, 2013. Keansburg 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Keansburg Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Keansburg 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Keansburg Housing Authority's compliance.

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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 (continued)**

Opinion on Each Major Federal Program

In our opinion, Keansburg Housing Authority 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 September 30, 2013.

Report on Internal Control Over Compliance

Management of Keansburg Housing Authority 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 Keansburg Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Keansburg 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of Keansburg Housing Authority as of and for the year ended September 30, 2013, and have issued our report thereon dated January 24, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

January 24, 2014
Toms River, New Jersey

Fallon & Larsen LLP

**KEANSBURG HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Low Rent Public Housing	14.850a	\$ 271,072
Section 8 Housing Choice Voucher Program	14.871	3,611,123
Public Housing Capital Fund Program	14.872	<u>52,004</u>
		<u>\$ 3,934,199</u>

KEANSBURG HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Keansburg Housing Authority under programs of the federal government for the year ended September 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Keansburg Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Keansburg Housing Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribes, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3. SUBRECIPIENTS

The Authority did not pass-through any federal awards to subrecipients.

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended September 30, 2013.

**KEANSBURG HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2013**

I. Summary of Auditor's Results

Financial Statement Section

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| a. | Material Weakness(es) identified? | No |
| b. | Were significant deficiencies identified not considered to be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|------------|
| 1 | Dollar threshold used to distinguish between type and A and type B programs:: | \$300,000 |
| 2. | Auditee qualified as low-risk Auditee? | Yes |
| 3. | Type of auditor's report on compliance for major programs: | Unmodified |
| 4. | Internal Control over compliance: | |
| a. | Material weakness(es) identified? | No |
| b. | Were significant deficiencies identified not considered to be material weaknesses? | No |
| c. | Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? | No |
| 5. | Identification of major programs: | |

CFDA Number

Name of Federal Program

14.871

Housing Choice Voucher Program

KEANSBURG HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
SEPTEMBER 30, 2013

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with government auditing standards generally accepted in the United States of America.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Federal Audit Findings

None reported.

**KEANSBURG HOUSING AUTHORITY
SCHEDULE OF CAPITAL FUND
PROGRAM COSTS AND ADVANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>501-11</u>	<u>501-12</u>	<u>Totals</u>
Budget	\$ <u>67,357</u>	\$ <u>62,350</u>	\$ <u>129,707</u>
<u>Advances:</u>			
Cumulative through 9/30/12	\$ 42,110	\$ -	\$ 42,110
Current Year	<u>25,247</u>	<u>26,757</u>	<u>52,004</u>
Cumulative through 9/30/13	<u>67,357</u>	<u>26,757</u>	<u>94,114</u>
<u>Costs:</u>			
Cumulative through 9/30/12	42,110	-	42,110
Current Year	<u>25,247</u>	<u>26,757</u>	<u>52,004</u>
Cumulative through 9/30/13	<u>67,357</u>	<u>26,757</u>	<u>94,114</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Summary</u>			
<u>Soft Costs:</u>			
Cumulative through 9/30/12	\$ 38,125	\$ -	\$ 38,125
Current Year	<u>12,019</u>	<u>16,757</u>	<u>28,776</u>
Cumulative through 9/30/13	<u>50,144</u>	<u>16,757</u>	<u>66,901</u>
<u>Hard Costs:</u>			
Cumulative through 9/30/12	3,985	-	3,985
Current Year	<u>13,228</u>	<u>10,000</u>	<u>23,228</u>
Cumulative through 9/30/13	<u>17,213</u>	<u>10,000</u>	<u>27,213</u>
Cumulative	\$ <u>67,357</u>	\$ <u>26,757</u>	\$ <u>94,114</u>

NOTES TO SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

- 1) The total amount of Capital Fund Program Costs and Advances incurred and earned by the Keansburg Housing Authority as of and for the year ended September 30, 2013 are provided herein.
- 2) Capital Fund Grant No.NJ39P060501-11 with an approved funding of \$67,357 has been fully drawn down and expended as per Capital Fund Grant Regulations.
- 3) Hard costs include principal payments on capital fund leveraging bonds.

Kearnsburg Housing Authority					
NJ060					
Financial Data Schedule (FDS)					
September 30, 2013					
Line Item #	Account Description	PROJECTS	14,871 Housing Choice Vouchers	ELIM	TOTAL
ASSETS:					
CURRENT ASSETS:					
111	Cash - unrestricted	\$ 277,426	\$ 19,748	\$ -	\$ 297,174
112	Cash - restricted - modernization and development	-	-	-	-
113	Cash - other restricted	120	183,801	-	183,921
114	Cash - tenant security deposits	23,030	-	-	23,030
115	Cash - restricted for payment of current liabilities	-	-	-	-
100	Total cash	300,576	203,549	-	504,125
Accounts and notes receivables					
121	Accounts receivable - PHA project	-	-	-	-
122	Accounts receivable - HUD other project	-	-	-	-
124	Accounts receivable - other government	-	3,255	-	3,255
125	Accounts receivable - miscellaneous	12,695	-	-	12,695
126	Accounts receivable - tenants	4,845	-	-	4,845
126.1	Allowance for doubtful accounts - tenants	(2,422)	-	-	(2,422)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes and 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 account	15,118	3,255	-	18,373
Current investments					
131	Investments - unrestricted	-	-	-	-
132	Investments - restricted	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	10,600	-	-	10,600
143	Inventories	-	-	-	-
143.1	Allowance for obsolete inventory	-	-	-	-
144	Interprogram - due from	12,342	-	(12,342)	-
145	Assets held for sale	-	-	-	-
150	TOTAL CURRENT ASSETS	338,636	206,804	(12,342)	533,098
NONCURRENT ASSETS:					
Fixed assets:					
161	Land	-	-	-	-
162	Buildings	61,690	-	-	61,690
163	Furniture, equipment & machinery - dwelling	2,956,099	-	-	2,956,099
164	Furniture, equipment & machinery - administrator	184,547	-	-	184,547
165	Leasehold improvement	317,558	-	-	317,558
166	Accumulated depreciation	(2,157,473)	-	-	(2,157,473)
167	Construction in Progress	17,213	-	-	17,213
168	Infrastructure	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	1,379,634	-	-	1,379,634
Other non-current assets:					
171	Notes and mortgages receivable - non-current	-	-	-	-
172	Notes and mortgages receivable - non-current - past due	-	-	-	-
174	Other assets	-	-	-	-
176	Investment in joint venture	-	-	-	-
180	TOTAL NONCURRENT ASSETS	1,379,634	-	-	1,379,634
190	TOTAL ASSETS	\$ 1,718,270	\$ 206,804	\$ (12,342)	\$ 1,912,732

Kcansburg Housing Authority					
NJ060					
Financial Data Schedule (FDS)					
September 30, 2013					
Line Item #	Account Description	PROJECTS	14,871 Housing Choice Vouchers	ELIM	TOTAL
LIABILITIES AND EQUITY					
Liabilities:					
Current Liabilities:					
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts payable ≤ 90 days	7,290	844	-	8,134
313	Accounts payable > 90 days past due	-	-	-	-
321	Accrued wage/payroll taxes payable	10,680	397	-	11,077
322	Accrued compensated absences - current portion	17,877	4,541	-	22,418
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	-	-	-
331	Accounts payable - HUD PHA program	-	-	-	-
332	Accounts payable - PHA project:	-	-	-	-
333	Accounts payable - other government	13,212	-	-	13,212
341	Tenant security deposits	23,030	-	-	23,030
342	Deferred revenue	75	-	-	75
343	Current portion of L-T debt - capital projects	10,000	-	-	10,000
344	Current portion of L-T debt - operating borrowing:	-	-	-	-
345	Other current liabilities	-	-	-	-
346	Accrued liabilities - other	27,969	-	-	27,969
347	Interprogram - due to	-	12,342	(12,342)	-
310	TOTAL CURRENT LIABILITIES	110,133	18,124	(12,342)	115,915
NONCURRENT LIABILITIES					
351	Long-term debt, net of current - capital project:	203,000	-	-	203,000
352	Long-term debt, net of current - operating borrowing:	-	-	-	-
353	Non-current liabilities- other	-	-	-	-
354	Accrued compensated absences - noncurrent	3,215	2,677	-	5,892
355	Loan Liability - Non Current	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-
350	TOTAL NONCURRENT LIABILITIES	208,215	2,677	-	210,892
300	TOTAL LIABILITIES	318,348	20,801	(12,342)	326,807
EQUITY:					
508.1	Invested in Capital Assets, Net of Related Debt	1,164,634	-	-	1,164,634
511.1	Restricted Net Assets	120	183,801	-	183,921
512.1	Unrestricted Net Assets	235,168	2,202	-	237,370
513	TOTAL EQUITY	1,399,922	186,003	-	1,585,925
600	TOTAL LIABILITIES AND EQUITY	\$ 1,718,270	\$ 206,804	\$ (12,342)	\$ 1,912,732
Proof of concept					

Keansburg Housing Authority						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2013						
Line Item #	Account Description	OPERATING	CAPITAL	14,871 Housing Choice Vouchers	ELIM	TOTAL
REVENUE:						
70300	Net tenant rental revenue	\$ 302,410	\$ -	\$ -	\$ -	\$ 302,410
70400	Tenant revenue - other	4,540	-	-	-	4,540
70500	Total tenant revenue	306,950	-	-	-	306,950
70600	HUD PHA grants	271,072	28,776	2,777,183	-	3,077,031
70610	Capital grants	-	23,228	-	-	23,228
70710	Management fee	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-
70750	Other fees	-	-	-	-	-
70800	Other government grants	-	-	-	-	-
71100	Investment income - unrestricted	-	-	-	-	-
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	-	4,758	-	4,758
71500	Other revenue	10,430	-	765,721	-	776,151
71600	Gain or loss on sale of fixed asset	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	TOTAL REVENUE	588,452	52,004	3,547,662	-	4,188,118
EXPENSES:						
Administrative						
91100	Administrative salaries	44,290	5,000	98,091	-	147,381
91200	Auditing fees	2,636	-	4,124	-	6,760
91300	Outside management fees	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-
91500	Employee benefit contributions- administrative	20,564	-	66,567	-	87,131
91600	Office expenses	23,140	-	35,089	-	58,229
91700	Legal expenses	4,957	-	7,328	-	12,285
91800	Travel	-	-	-	-	-
91810	Allocated overhead	-	-	-	-	-
91900	Other	19,993	3,778	29,404	-	53,175
92000	Asset Management Fee	-	-	-	-	-
Tenant services						
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefit contributions- tenant service	-	-	-	-	-
92400	Tenant services - other	2,473	-	-	-	2,473

Kearnsburg Housing Authority						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2013						
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	ELIM	TOTAL
	Utilities					
93100	Water	18,575	-	-	-	18,575
93200	Electricity	60,637	-	-	-	60,637
93300	Gas	59,381	-	-	-	59,381
93400	Fuel	-	-	-	-	-
93500	Labor	26,324	-	-	-	26,324
93600	Sewer	52,078	-	-	-	52,078
93700	Employee benefit contributions- utilitie	12,338	-	-	-	12,338
93800	Other utilities expens	1,400	-	-	-	1,400
	Ordinary maintenance & operator					
94100	Ordinary maintenance and operations - labo	78,774	-	-	-	78,774
94200	Ordinary maintenance and operations - materials & offie	27,918	-	-	-	27,918
94300	Ordinary maintenance and operations - contract cost	96,073	-	-	-	96,073
94500	Employee benefit contributions- ordinary maintenance	35,644	-	-	-	35,644
	Protective service					
95100	Protective services - labo	-	-	-	-	-
95200	Protective services- other contract cost	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-
95500	Employee benefit contributions- protective service	-	-	-	-	-
	General expenses					
96100	Insurance premiums	-	-	-	-	-
96130	Workmen's compensator	-	-	9,642	-	9,642
96140	All other insurance	30,179	-	-	-	30,179
96200	Other general expenses	-	-	5,544	-	5,544
96210	Compensated absences	3,561	-	-	-	3,561
96300	Payments in lieu of taxes	7,622	-	-	-	7,622
96400	Bad debt - tenant rents	50	-	-	-	50
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96700	Interest expense	-	9,998	-	-	9,998
96710	Amortization of bond issue cost	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96900	TOTAL OPERATING EXPENSES	628,607	18,776	255,789	-	903,172
97000						
	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(40,155)	33,228	3,291,873	-	3,284,946

Keansburg Housing Authority						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2013						
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	ELIM	TOTAL
97100	Extraordinary maintenance	-	-	-	-	-
97200	Casualty losses - non capitalizer	-	-	-	-	-
97300	Housing assistance payment	-	-	2,626,803	-	2,626,803
97350	HAP Portability - in	-	-	728,531	-	728,531
97400	Depreciation expense	148,238	-	-	-	148,238
97500	Fraud losses	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
90000	TOTAL EXPENSES	776,845	18,776	3,611,123	-	4,406,744
OTHER FINANCING SOURCES (USES)						
10010	Operating transfers in	10,000	-	-	(10,000)	-
10020	Operating transfers out	-	(10,000)	-	10,000	-
10093	Transfers between program and project in	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	10,000	(10,000)	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(178,393)	23,228	(63,461)	-	(218,626)
MEMO ACCOUNT INFORMATION:						
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning equity	1,559,993	-	249,464	-	1,809,457
11040	Prior period adjustments and equity transfers	18,322	(23,228)	-	-	(4,906)
11170	Administrative fee equity	-	-	2,202	-	2,202
11180	Housing assistance payments equity	-	-	183,801	-	183,801
		-	-	186,003	-	186,003
11190	Unit months available	-	-	2,988	-	2,988
11210	Number of unit months leased	-	-	2,480	-	2,480
Equity Roll Forward Test:						
	Calculation from R/E Statement	\$ 1,399,922	\$ -	\$ 186,003	\$ -	\$ 1,585,925
	B/S Line 513	\$ 1,399,922	\$ -	\$ 186,003	\$ -	\$ 1,585,925
		\$ -	\$ -	\$ -	\$ -	\$ -