

KEANSBURG HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

KEANSBURG HOUSING AUTHORITY
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YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Keansburg Housing Authority:

We have audited the accompanying financial statements of the Keansburg Housing Authority ("the Authority") as of and for the years ended September 30, 2012 and 2011, as listed in the table of contents. 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 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 audits provide 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 Keansburg Housing Authority as of September 30, 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*, we have also issued our report dated March 11, 2013 on our consideration of the Keansburg Housing Authority's internal control over financial reporting and our tests on 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 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* and important in assessing the results of our audits.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Government 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 historic 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Keansburg Housing Authority taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes 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 and is not a required part of the financial statements. The accompanying financial data schedule, schedule of capital fund program costs and advances, and schedule of capital fund stimulus program costs and advances are also not required parts of the financial statements and are presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development. The schedule of federal awards, financial data schedule and schedule of capital fund program costs and advances are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

March 11, 2013
Toms River, New Jersey

Fallon & Larsen LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

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, 2012. 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 \$1,809,457 (net assets) as opposed to \$2,208,599 for the prior fiscal year.
2. As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending unrestricted net assets of \$277,099, a decrease of \$14,198 from the prior fiscal year.
3. The Authority's cash and cash equivalents (including restricted cash of \$242,714) at September 30, 2012 totaled \$590,641 representing a decrease of \$238,904 from the prior fiscal year.
4. The Authority had total operating revenues of \$4,085,252 and total operating expenses of \$4,478,027 (including depreciation of \$146,897) for the year ended September 30, 2012.
5. The Authority's capital outlays for the fiscal year were \$3,985.
6. The Authority's expenditures of federal awards amounted to \$4,061,416 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, 2012

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

The 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 Statements of Revenues, Expenses, and Changes in Net Assets present information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets 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 9 through 12.

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 31 of this report.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

C. The Authority as a Whole

The Authority's net assets decreased during the fiscal year as detailed on page 6. 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 assets 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 assets of the Authority are available for future use to provide program services.

Significant Changes from September 30th, 2011 to September 30th, 2012

Cash and cash equivalents (excluding restricted cash) increased \$22,940 from 324,987 in 2011 to \$347,927 in 2012 primarily due to the Authority collecting \$46,622 in operating subsidy which was due from HUD as of September 30, 2011.

Restricted cash decreased \$261,844 as the Authority was required by HUD to utilize previously received housing assistance payments in the current year.

Accrued wages and payroll taxes decreased \$3,517 as the Authority accrued for less days of payroll as of September 30, 2012 than at September 30, 2011.

Tenant revenue increased \$7,576 from \$293,169 in 2011 to \$300,745 as tenant rents increased due to increased family incomes.

Housing Choice Voucher program grant revenues decreased \$69,494 as housing assistance payments ("HAP") increased by \$72,310 primarily due to HUD requiring the Authority to utilize program reserves for current year HAP expenditures.

Total operating expenses (excluding depreciation and housing assistance payments) decreased from \$958,145 in 2011 to \$932,962 or \$25,183 as a result of overall cost cutting measures implemented at the Authority.

Interest income decreased \$523 due to a drop in investable cash from September 30, 2011 to September 30, 2012.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

C. The Authority as a Whole (continued)

Computations of Net Assets are as follows:		As of	
		<u>9/30/12</u>	<u>9/30/11</u>
Cash and Other Current Assets		\$ 364,295	\$ 383,833
Other Assets		247,620	509,865
Capital Assets – Net		<u>1,514,644</u>	<u>1,657,556</u>
Total Assets		2,126,559	2,551,254
Less: Total Liabilities		<u>317,102</u>	<u>342,655</u>
Net Assets		<u>\$ 1,809,457</u>	<u>\$ 2,208,599</u>
Invested in Capital Assets		\$ 1,289,644	\$ 1,422,556
Restricted Assets		242,714	504,558
Unrestricted Net Assets		<u>277,099</u>	<u>281,485</u>
Total Net Assets		<u>\$ 1,809,457</u>	<u>\$ 2,208,599</u>
Computations of Changes in Net Assets are as follows:		Year Ended	
		<u>9/30/12</u>	<u>9/30/11</u>
<u>Revenues</u>			
Tenant Revenues		\$ 300,745	\$ 293,169
HUD and other Government Subsidies		3,047,746	3,218,303
Other Revenues		<u>736,761</u>	<u>702,786</u>
Total Operating Revenues		<u>4,085,252</u>	<u>4,214,258</u>
<u>Expenses</u>			
Other Operating Expenses		932,962	958,145
Housing Assistance Payments		3,398,168	3,325,858
Depreciation Expense		<u>146,897</u>	<u>122,532</u>
Total Operating Expenses		<u>4,478,027</u>	<u>4,406,535</u>
Excess (Deficiency) of Operating Revenues Over Expenses		(392,775)	(192,277)
<u>Non-Operating Revenues</u>			
Interest on Investments		410	933
Interest Expense		(10,762)	(11,110)
Capital Grants		<u>3,985</u>	<u>43,766</u>
Excess of Revenues over Expenses		(399,142)	(158,688)
Net Assets – Beginning of Year		<u>2,208,599</u>	<u>2,367,287</u>
Net Assets – End of Year		<u>\$ 1,809,457</u>	<u>\$ 2,208,599</u>

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

D. Budgetary Highlights

For the year ended September 30, 2012, 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 General Fund. 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, when adjusted by depreciation, the Authority's net assets decreased during the fiscal year.

E. Capital Assets and Debt Administration

1. Capital Assets

As of September 30, 2012, the Authority's capital assets for its Proprietary Fund totaled \$1,514,644 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

The Authority purchased \$3,985 of major capital assets from capital grants during the fiscal year ended September 30, 2012.

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. All the leveraging funds have been expended as of September 30, 2011. 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, 2012 amounted to \$10,000.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

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, 2013.

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 assets of \$277,099 may be used to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's unrestricted net assets appear sufficient to cover any shortfall. The HAP equity of \$242,599 can only be used to fund future Section 8 Landlord rent subsidies. The Capital Fund Bond Proceeds amount of \$115 can only be used for future Capital Fund purchases in accordance with the bond indenture or the repayments of debt. Restricted net assets for the year totaled \$242,714.

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 ASSETS
AS OF SEPTEMBER 30, 2012 AND 2011

ASSETS		
	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 347,927	\$ 324,987
Accounts receivable, net	6,249	49,455
Prepaid expenses	<u>10,119</u>	<u>9,391</u>
Total current assets	<u>364,295</u>	<u>383,833</u>
Non-current assets:		
Restricted cash	242,714	504,558
Loan origination fees, net	4,906	5,307
Capital assets, net	<u>1,514,644</u>	<u>1,657,556</u>
Total non-current assets	<u>1,762,264</u>	<u>2,167,421</u>
Total assets	<u>2,126,559</u>	<u>2,551,254</u>
LIABILITIES		
Current liabilities:		
Accounts payable	36,734	52,469
Accrued wages and payroll taxes	5,514	9,031
Accrued compensated absences, current portion	17,674	17,490
Tenant security deposits	20,750	19,717
Deferred revenues	39	63
Current portion of revenue bonds	<u>10,000</u>	<u>10,000</u>
Total current liabilities	<u>90,711</u>	<u>108,770</u>
Non-current liabilities:		
Revenue bonds, net of current portion	215,000	225,000
Accrued compensated absences, net of current portion	<u>11,391</u>	<u>8,885</u>
Total non-current liabilities	<u>226,391</u>	<u>233,885</u>
Total liabilities	<u>317,102</u>	<u>342,655</u>
NET ASSETS		
Net assets:		
Invested in capital assets, net of related debt	1,289,644	1,422,556
Restricted	242,714	504,558
Unrestricted	<u>277,099</u>	<u>281,485</u>
Total net assets	<u>\$ 1,809,457</u>	<u>\$ 2,208,599</u>

See accompanying notes to financial statements

KEANSBURG HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Tenant revenue	\$ 300,745	\$ 293,169
HUD operating grants	3,047,746	3,218,303
Other revenues	<u>736,761</u>	<u>702,786</u>
Total operating revenue	<u>4,085,252</u>	<u>4,214,258</u>
Operating expenses:		
Administrative	370,508	353,917
Tenant services	2,697	4,151
Utilities	244,850	258,983
Ordinary repairs and maintenance	264,681	283,278
Insurance and other general expenses	50,226	57,816
Housing assistance payments	3,398,168	3,325,858
Depreciation	<u>146,897</u>	<u>122,532</u>
Total operating expenses	<u>4,478,027</u>	<u>4,406,535</u>
Operating loss	<u>(392,775)</u>	<u>(192,277)</u>
Non-operating revenues (expenses):		
Interest expense	(10,762)	(11,110)
Investment income	<u>410</u>	<u>933</u>
Net non-operating revenues (expense)	<u>(10,352)</u>	<u>(10,177)</u>
Loss before capital grants	(403,127)	(202,454)
Capital grants	<u>3,985</u>	<u>43,766</u>
Changes in net assets	(399,142)	(158,688)
Total net assets, beginning of year	<u>2,208,599</u>	<u>2,367,287</u>
Total net assets, end of year	<u>\$ 1,809,457</u>	<u>\$ 2,208,599</u>

See accompanying notes to financial statements

KEANSBURG HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 1,039,000	\$ 997,266
Cash received from grantors	3,096,057	3,169,939
Cash paid to employees	(286,456)	(252,951)
Cash paid to vendors	<u>(4,067,216)</u>	<u>(4,000,599)</u>
Net cash flows provided (used) by operating activities	<u>(218,615)</u>	<u>(86,345)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(3,985)	(43,766)
Interest paid on capital debt	(10,762)	(11,110)
Principal payments on long term debt	(10,000)	(10,000)
Proceeds from capital grants	<u>3,985</u>	<u>43,766</u>
Net cash flows used by capital and related financing activities	<u>(20,762)</u>	<u>(21,110)</u>
Cash Flows from Investing Activities:		
Interest received on investments	<u>473</u>	<u>870</u>
Net cash flows provided by investing activities	<u>473</u>	<u>870</u>
Net increase (decrease) in cash	(238,904)	(106,585)
Cash and cash equivalents, beginning of year	<u>829,545</u>	<u>936,130</u>
Cash and cash equivalents, end of year	\$ <u><u>590,641</u></u>	\$ <u><u>829,545</u></u>
A reconciliation of cash and cash equivalents to the Statements of Net Assets is as follows:		
Cash and cash equivalents	\$ 347,927	\$ 324,987
Restricted cash	<u>242,714</u>	<u>504,558</u>
	\$ <u><u>590,641</u></u>	\$ <u><u>829,545</u></u>

See accompanying notes to financial statements

KEANSBURG HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (392,775)	\$ (192,277)
Items which did not use cash:		
Depreciation	146,897	122,532
Bad debts	-	133
Amortization	401	401
Changes in operating assets and liabilities:		
Accounts receivable - HUD	46,622	(46,622)
Accounts receivable - other government	(3,877)	-
Accounts receivable - tenants	461	(267)
Prepaid expenses	(791)	13
Other assets	-	(1)
Accounts payable	(15,735)	13,510
Accrued wages and payroll taxes	(3,517)	3,121
Accrued compensated absences	2,690	12,323
Tenant security deposits	1,033	1,445
Deferred revenues	<u>(24)</u>	<u>(656)</u>
Net cash provided (used) by operating activities	<u>\$ (218,615)</u>	<u>\$ (86,345)</u>

See accompanying notes to financial statements

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

In accordance with Statement 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 assets (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, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

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 asset account on which the investment income was earned. That is; investment income earned on HAP cash balances are credited to the HAP restricted net asset account and investment income earned on administrative fee cash balances are credited to the unrestricted net asset account.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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, 2012 AND 2011**

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 Assets. 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, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Revenue

The Authority's deferred revenue primarily consists of the prepayment of rent by residents and the receipt of HUD and other governmental program funding 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 assets and displayed in three components:

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

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

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

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.

NOTE 2. CASH AND CASH EQUIVALENTS

For the fiscal years ended September 30, 2012 and 2011, the carrying amount of the Authority's cash and cash equivalents was \$590,641 and \$829,545, respectively, and the bank balances approximated \$606,041 and \$837,960, respectively.

Of the bank balances, \$250,114 and \$250,109 were covered by federal depository insurance and the remaining \$355,927 and \$587,851 were collateralized with the pledging financial institution for the fiscal years ended September 30, 2012 and 2011, respectively.

<u>Cash Account</u>	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 250,114	\$ 250,109
Collateralized:		
Collateralized amount held by pledging financial institution	<u>355,927</u>	<u>587,851</u>
	<u>\$ 606,041</u>	<u>\$ 837,960</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 deposit 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 established by the Authority. As of September 30, 2012 and 2011, the amounts are shown net of an allowance for doubtful accounts of \$2,372 and 2,832, respectively.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

NOTE 3. ACCOUNTS RECEIVABLE - TENANTS, NET (continued)

Accounts receivable - HUD consists of amounts due for unreimbursed costs from capital grants.

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, 2012 and 2011, accounts receivable consisted of the following:

	<u>2012</u>	<u>2011</u>
Tenant receivables, net	\$ 2,372	\$ 2,833
Accounts receivable - HUD	-	46,622
Accounts receivable - other government	<u>3,877</u>	<u>-</u>
	<u>\$ 6,249</u>	<u>\$ 49,455</u>

NOTE 4. RESTRICTED CASH

Restricted cash consists of the following at September 30, 2012 and 2011:

<u>Cash Category</u>	<u>2012</u>	<u>2011</u>
Capital Fund Bond Proceeds	\$ 115	\$ 104
Housing Assistant Payment Reserves	<u>242,599</u>	<u>504,454</u>
	<u>\$ 242,714</u>	<u>\$ 504,558</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, 2012 AND 2011

NOTE 5. CAPITAL ASSETS, NET

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

Description	September 30, 2011	Additions	Disposals	Transfers	September 30, 2012
Non-depreciable capital assets:					
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>
Depreciable capital assets:					
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>

Description	September 30, 2010	Additions	Disposals	Transfers	September 30, 2011
Non-depreciable capital assets:					
Land	\$ 61,690	\$ -	\$ -	\$ -	\$ 61,690
Construction in Progress	353,792	43,766	-	(6,153)	391,405
Total	<u>415,482</u>	<u>43,766</u>	<u>-</u>	<u>(6,153)</u>	<u>453,095</u>
Depreciable capital assets:					
Buildings and Improvements	2,876,100	-	-	6,153	2,882,253
Furniture and Equipment	184,546	-	-	-	184,546
Total	<u>3,060,646</u>	<u>-</u>	<u>-</u>	<u>6,153</u>	<u>3,066,799</u>
Less: accumulated depreciation	<u>(1,739,806)</u>	<u>(122,532)</u>	<u>-</u>	<u>-</u>	<u>(1,862,338)</u>
Net capital assets	<u>\$ 1,736,322</u>	<u>\$ (78,766)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,657,556</u>

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

NOTE 6. LOAN ORIGATION FEES, NET

Loan origination fees incurred as a result of the issuance of bonds in connection with the 2004 Capital Fund Leveraging Pool are shown net of accumulated amortization of \$3,104 and \$2,703, as of September 30, 2012 and 2011, respectively. The amount is being amortized over its estimated useful life of twenty years on a straight line basis, which is not materially different from the interest method.

For the years ended September 30, 2012 and 2011 amortization expense amounted to \$401, and is included in interest expense on the Statement of Revenues, Expenses and Changes in Net Assets.

NOTE 7. PAYMENTS IN LIEU OF TAXES

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) 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, 2012 and 2011, the Authority incurred PILOT expenses in the amount of \$5,590 and \$3,515, respectively.

NOTE 8. 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.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

NOTE 8. PENSION PLANS (continued)

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.

Three Year Trend Information for PERS			
Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2010	\$ 20,460	100	\$ -
September 30, 2011	\$ 26,183	100	\$ -
September 30, 2012	\$ 26,356	100	\$ -

NOTE 9. 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.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

NOTE 9. POST-RETIREMENT BENEFITS (continued)

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>
2012	\$ <u>99,912</u>
2011	\$ <u>100,346</u>
2010	\$ <u>133,890</u>

NOTE 10. 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. The related closing costs of \$8,010 are being amortized over the life of the bonds. 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, 2012 and 2011 totaled \$225,000 and \$235,000, respectively. Annual debt service for principal and interest over the next five years and in five year increments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 10,000	\$ 9,643	\$ 19,643
2014	10,000	9,645	19,645
2015	10,000	9,458	19,458
2016	10,000	8,832	18,832
2017	15,000	8,374	23,374
2018 - 2022	100,000	29,309	129,309
2023 - 2026	<u>70,000</u>	<u>6,560</u>	<u>76,560</u>
	\$ <u>225,000</u>	\$ <u>81,821</u>	\$ <u>306,821</u>

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

NOTE 10. NON-CURRENT LIABILITIES (continued)

Non-current liabilities activity for the years ended September 30, 2012 and 2011 consisted of the following:

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
Accrued 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>

Description	September 30, 2010	Additions	Reductions	September 30, 2011	Amounts due within one year
Capital Fund Revenue Bonds	\$ 245,000	\$ -	\$ (10,000)	\$ 235,000	\$ 10,000
Accrued compensated absences	<u>14,052</u>	<u>37,944</u>	<u>(25,621)</u>	<u>26,375</u>	<u>17,490</u>
Total	<u>\$ 259,052</u>	<u>\$ 37,944</u>	<u>\$ (35,621)</u>	<u>\$ 261,375</u>	<u>\$ 27,490</u>

NOTE 11. RESTRICTED NET ASSETS

Restricted net assets consist of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Capital fund bond proceeds	\$ 115	\$ 104
Housing assistance payments reserve	<u>242,599</u>	<u>504,454</u>
	<u>\$ 242,714</u>	<u>\$ 504,558</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 12. ECONOMIC DEPENDENCY

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

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

NOTE 13. RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Authority maintains commercial insurance coverage for property, liability and surety bonds.

NOTE 14. 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, 2012, the Authority estimates that no material liabilities will result from such audits.

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 March 11, 2013 (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 the financial statements of the Keansburg Housing Authority ("the Authority") as of and for the year ended September 30, 2012, and have issued our report therein dated March 11, 2013. 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 and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division.

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

March 11, 2013
Toms River, New Jersey

Fallon & Larsen LLP



**INDEPENDENT AUDITORS 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:

Compliance

We have audited the compliance of the Keansburg Housing Authority ("the Authority"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2012. The Authority's major federal programs are identified in the summary of auditors' 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 Authority's management. Our responsibility is to express an opinion on the 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 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 the 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 on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2012.

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

Internal Control Over Compliance

Management of the Authority 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 Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 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 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 that is more than inconsequential will not be prevented, or detected and corrected, on a timely basis.

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

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

March 11, 2013
Toms River, New Jersey

Fallon & Larsen LLP

**KEANSBURG HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<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	\$ 291,501
Section 8 Housing Choice Voucher Program	14.871	3,698,610
Public Housing Capital Fund Program	14.872	<u>71,305</u>
		<u>\$ 4,061,416</u>

KEANSBURG HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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, 2012. 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 assets 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 was not a subrecipient of any federal awards and 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, 2012.

**KEANSBURG HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2012**

I. Summary of Auditor's Results

Financial Statement Section

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued: | Unqualified |
| 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: | Unqualified |
| 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, 2012

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, 2012**

	<u>501-08</u>	<u>501-10</u>	<u>501-11</u>	<u>Totals</u>
Budget	\$ <u>88,710</u>	\$ <u>87,596</u>	\$ <u>67,357</u>	\$ <u>243,663</u>
<u>Advances:</u>				
Cumulative through 10/1/11	\$ 88,397	\$ 58,714	\$ -	\$ 147,111
Current Year	<u>313</u>	<u>28,882</u>	<u>42,110</u>	<u>71,305</u>
Cumulative through 9/30/12	<u>88,710</u>	<u>87,596</u>	<u>42,110</u>	<u>218,416</u>
<u>Costs:</u>				
Cumulative through 10/1/11	88,397	58,714	-	147,111
Current Year	<u>313</u>	<u>28,882</u>	<u>42,110</u>	<u>71,305</u>
Cumulative through 9/30/12	<u>88,710</u>	<u>87,596</u>	<u>42,110</u>	<u>218,416</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Summary</u>				
<u>Soft Costs:</u>				
Cumulative through 10/1/11	\$ 61,622	\$ 38,603	\$ -	\$ 100,225
Current Year	<u>313</u>	<u>28,882</u>	<u>38,125</u>	<u>67,320</u>
Cumulative through 9/30/12	<u>61,935</u>	<u>67,485</u>	<u>38,125</u>	<u>167,545</u>
<u>Hard Costs:</u>				
Cumulative through 10/1/11	26,775	20,111	-	46,886
Current Year	<u>-</u>	<u>-</u>	<u>3,985</u>	<u>3,985</u>
Cumulative through 9/30/12	<u>26,775</u>	<u>20,111</u>	<u>3,985</u>	<u>50,871</u>
Cumulative	\$ <u>88,710</u>	\$ <u>87,596</u>	\$ <u>42,110</u>	\$ <u>218,416</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, 2012 are provided herein.

2) Capital Fund Grant No. NJ39P060501-08 and NJ39P060501-10 with an approved funding of \$88,710 and \$87,596, respectively, have been fully drawn down and expended as per Capital Fund Grant Regulations.

Kceansburg Housing Authority					
NJ060					
Financial Data Schedule (FDS)					
September 30, 2012					
Line Item #	Account Description	PROJECTS	14,871 Housing Choice Vouchers	ELIM	TOTAL
ASSETS:					
CURRENT ASSETS:					
111	Cash - unrestricted	\$ 290,593	\$ 36,584	\$ -	\$ 327,177
112	Cash - restricted - modernization and development	-	-	-	-
113	Cash - other restricted	115	242,599	-	242,714
114	Cash - tenant security deposits	20,750	-	-	20,750
115	Cash - restricted for payment of current liabilities	-	-	-	-
100	Total cash	311,458	279,183	-	590,641
121	Accounts and notes receivables	-	-	-	-
122	Accounts receivable - PHA project	-	-	-	-
123	Accounts receivable - HUD other project	-	-	-	-
124	Accounts receivable - other government	-	3,877	-	3,877
125	Accounts receivable - miscellaneous	-	-	-	-
126	Accounts receivable - tenants	4,744	-	-	4,744
126.1	Allowance for doubtful accounts - tenants	(2,372)	-	-	(2,372)
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	2,372	3,877	-	6,249
NONCURRENT ASSETS:					
131	Current investments	-	-	-	-
132	Investments - restricted	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	10,119	-	-	10,119
143	Inventories	-	-	-	-
143.1	Allowance for obsolete inventory	-	-	-	-
144	Interprogram - due from	17,961	-	(17,961)	-
145	Assets held for sale	-	-	-	-
150	TOTAL CURRENT ASSETS	341,910	283,060	(17,961)	607,009
NONCURRENT ASSETS:					
Fixed assets:					
161	Land	61,690	-	-	61,690
162	Buildings	2,940,018	-	-	2,940,018
163	Furniture, equipment & machinery - dwelling	-	-	-	-
164	Furniture, equipment & machinery - administration	184,546	-	-	184,546
165	Leasehold improvements	313,529	-	-	313,529
166	Accumulated depreciation	(2,009,235)	-	-	(2,009,235)
167	Construction in Progress	24,096	-	-	24,096
168	Infrastructure	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	1,514,644	-	-	1,514,644
Other non-current assets:					
171	Notes and mortgages receivable - non-current	-	-	-	-
172	Notes and mortgages receivable - non-current - past due	-	-	-	-
174	Other assets	4,906	-	-	4,906
176	Investment in joint venture	-	-	-	-
180	TOTAL NONCURRENT ASSETS	1,519,550	283,060	(17,961)	1,519,550
190	TOTAL ASSETS	1,861,460	\$ 283,060	\$ (17,961)	\$ 2,126,559

Keansburg Housing Authority					
NJ060					
Financial Data Schedule (FDS)					
September 30, 2012					
Line Item #	Account Description	PROJECTS	14,871 Housing Choice Vouchers	ELJM	TOTAL
LIABILITIES AND EQUITY					
Liabilities:					
Current Liabilities:					
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts payable ≤ 90 days	24,982	955	-	25,937
313	Accounts payable > 90 days past due	-	-	-	-
321	Accrued wage/payroll taxes payable	2,368	3,146	-	5,514
322	Accrued compensated absences - current portion	11,000	6,674	-	17,674
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	-	-	-
331	Accounts payable - HUD PHA program	-	-	-	-
332	Accounts payable - PHA project	-	-	-	-
333	Accounts payable - other government	10,797	-	-	10,797
341	Tenant security deposits	20,750	-	-	20,750
342	Deferred revenue	39	-	-	39
343	Current portion of L-T debt - capital project	10,000	-	-	10,000
344	Current portion of L-T debt - operating borrowing	-	-	-	-
345	Other current liabilities	-	-	-	-
346	Accrued liabilities - other	-	-	-	-
347	Interprogram - due to	-	17,961	(17,961)	-
310	TOTAL CURRENT LIABILITY	79,936	28,736	(17,961)	90,711
NONCURRENT LIABILITIES					
351	Long-term debt, net of current - capital project	215,000	-	-	215,000
352	Long-term debt, net of current - operating borrowing	-	-	-	-
353	Non-current liabilities- other	-	-	-	-
354	Accrued compensated absences - noncurrent	6,531	4,860	-	11,391
355	Loan Liability - Non Current	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-
350	TOTAL NONCURRENT LIABILITY	221,531	4,860	-	226,391
300	TOTAL LIABILITIES	301,467	33,596	(17,961)	317,102
EQUITY:					
508.1	Invested in Capital Assets, Net of Related Debt	1,289,644	-	-	1,289,644
511.1	Restricted Net Assets	115	242,599	-	242,714
512.1	Unrestricted Net Assets	270,234	6,865	-	277,099
513	TOTAL EQUITY	1,559,993	249,464	-	1,809,457
600	TOTAL LIABILITIES AND EQUITY	\$ 1,861,460	\$ 283,060	\$ (17,961)	\$ 2,126,559
Proof of concept					

Kearnsburg Housing Authority						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2012						
Line Item #	Account Description	OPERATING	CAPITAL	14,871 Housing Choice Vouchers	ELIM	TOTAL
REVENUE:						
70300	Net tenant rental revenue	\$ 296,235	\$ -	\$ -	-	\$ 296,235
70400	Tenant revenue - other	4,510	-	-	-	4,510
70500	Total tenant revenue	300,745	-	-	-	300,745
70600	HUD PHA grants	291,501	67,320	2,688,925	-	3,047,746
70610	Capital grants	-	3,985	-	-	3,985
70710	Management fee	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-
70750	Other fees	-	-	-	-	-
70800	Other government grant	-	-	-	-	-
71100	Investment income - unrestricted	-	-	11	-	11
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	-	10,845	-	10,845
71500	Other revenue	8,043	-	717,873	-	725,916
71600	Gain or loss on sale of fixed asset	-	-	-	-	-
72000	Investment income - restricted	-	-	399	-	399
70000	TOTAL REVENUE	600,289	71,305	3,418,053	-	4,089,647
EXPENSES:						
Administrative						
91100	Administrative salaries	15,622	6,735	135,908	-	158,265
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	11,710	-	68,084	-	79,794
91600	Office expenses	24,136	472	58,681	-	83,289
91700	Legal expenses	4,926	-	7,704	-	12,630
91800	Travel	-	-	-	-	-
91810	Allocated overhead	-	-	-	-	-
91900	Other	7,088	12,378	10,304	-	29,770
92000	Asset Management Fee	-	-	-	-	-
Tenant services						
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefit contributions- tenant service	-	-	-	-	-
92400	Tenant services - other	2,697	-	-	-	2,697

Kearnsburg Housing Authority						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2012						
Line Item #	Account Description	OPERATING	CAPITAL	14,871 Housing Choice Vouchers	ELJM	TOTAL
	Utilities					
93100	Water	18,222	-	-	-	18,222
93200	Electricity	66,605	-	-	-	66,605
93300	Gas	50,876	-	-	-	50,876
93400	Fuel	-	-	-	-	-
93500	Labor	31,137	-	-	-	31,137
93600	Sewer	60,116	-	-	-	60,116
93700	Employee benefit contributions- utility	16,394	-	-	-	16,394
93800	Other utilities expenses	1,500	-	-	-	1,500
	Ordinary maintenance & operator					
94100	Ordinary maintenance and operations - labor	92,710	-	-	-	92,710
94200	Ordinary maintenance and operations - materials & other	25,620	-	-	-	25,620
94300	Ordinary maintenance and operations - contract cost	86,514	9,874	-	-	96,388
94500	Employee benefit contributions- ordinary maintenance	49,963	-	-	-	49,963
	Protective services:					
95100	Protective services - labor	-	-	-	-	-
95200	Protective services- other contract cost	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-
95500	Employee benefit contributions- protective service	-	-	-	-	-
	General expenses					
96100	Insurance premiums	28,795	-	9,727	-	38,522
96200	Other general expenses	-	-	3,423	-	3,423
96210	Compensated absences	204	-	2,487	-	2,691
96300	Payments in lieu of taxes	5,590	-	-	-	5,590
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96700	Interest expense	-	-	-	-	-
96710	Amortization of bond issue cost	401	10,361	-	-	10,762
96800	Severance expense	-	-	-	-	-
96900	TOTAL OPERATING EXPENSES	603,462	39,820	300,442	-	943,724
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(3,173)	31,485	3,117,611	-	3,145,923

Kceansburg Housing Authority						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2012						
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	-	-	2,720,473	-	2,720,473
97350	HAP Portability - in	-	-	677,695	-	677,695
97400	Depreciation expense	146,897	-	-	-	146,897
97500	Fraud losses	115	-	-	-	115
97800	Dwelling units rent expense	270,234	-	-	-	270,234
90000	TOTAL EXPENSES	1,020,708	39,820	3,698,610	-	4,759,138
OTHER FINANCING SOURCES (USES)						
10010	Operating transfers in	27,500	-	-	-	27,500
10020	Operating transfers out	-	(27,500)	-	-	(27,500)
10093	Transfers between program and project in	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	27,500	(27,500)	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(392,919)	3,985	(280,557)	-	(669,491)
MEMO ACCOUNT INFORMATION:						
11020	Required annual debt principal payments	10,000	-	-	-	10,000
11030	Beginning equity	1,678,578	-	530,021	-	2,208,599
11040	Prior period adjustments and equity transfers	3,985	(3,985)	-	-	-
11170	Administrative fee equity	-	-	6,865	-	6,865
11180	Housing assistance payments equity	-	-	242,599	-	242,599
11190	Unit months available	960	-	2,988	-	3,948
11210	Number of unit months leased	942	-	2,942	-	3,884
Equity Roll Forward Test:						
	Calculation from R/E Statement	\$ 1,289,644	\$ -	\$ 249,464	\$ -	\$ 1,539,108
	B/S Line 513	\$ 1,559,993	\$ -	\$ 249,464	\$ -	\$ 1,809,457
		\$ (270,349)	\$ -	\$ -	\$ -	\$ (270,349)