

Report On Audit

**Old Bridge Township
Housing Authority**

**For the Year Ended
December 31, 2010**

Old Bridge Township Housing Authority
Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-12
Financial Statements	
Statement of Net Assets	13
Statement of Revenue, Expenses and Changes in Net Assets	14
Statement of Cash Flow	15
Notes to Financial Statements	16-34
Supplementary Information	
Schedule of Expenditures of Federal Awards	35
Budgetary Comparison Schedule – Housing Choice Voucher Program	36
Financial Data Schedule	37-41
Other Reports and Comments	
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 (No Reportable Instances of Noncompliance and No Material Weakness)	42-43
Independent Auditors Report on Compliance with Requirements That Could Have A Direct and Material Effect to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 (Unqualified Opinion on Compliance and No Material or Significant Deficiencies In Internal Control Over Compliance Identified)	44-45
Schedule of Findings and Questioned Cost	46
Independent Accountant's Report on Applying Agreed-upon Procedures – REAC	47-48



Hymanson, Parnes & Giampaolo

Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Old Bridge Township Housing Authority
2000 Route 18 North
Suite 100
Old Bridge, New Jersey 08857

We have audited the Statement of Net Assets of Old Bridge Township Housing Authority, hereafter referred to as the Authority, for the year ended December 31, 2010 and 2009, and the related statement of revenue, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes the examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respect, the financial position of the Old Bridge Township Housing Authority, as of December 31, 2010, and 2009 and the changes in financial position and, cash flows for the periods 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 July 29, 2011, on our consideration of the Old Bridge Township Housing Authority internal control over financial reporting and our test 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 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 for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3 through 12 and page 36 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying Schedule of Federal Awards is presented for the purpose of additional analysis as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. Lastly, the supplemental information on the accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. The Schedule of Federal Awards and the Financial Data Schedule 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 our 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.

Hymanson, Parnes & Giampaolo

Date: July 29, 2011

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

As Management of the Old Bridge Township Housing Authority (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 13 of this report. New standards issued by GASB have significantly changed the format of the financial statements. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

Assets of the Authority's enterprise fund were \$2,401,762 greater than the liabilities, an increase in the financial position of \$73,961 or 3% percent.

As noted above, the assets of the Authority exceeded its liabilities by \$2,401,762 as of December 31, 2010. Of this amount, the unrestricted net asset portion was \$1,003,482 representing an increase of \$11,032 or an increase of 1% percent from the previous year. Investment in Capital Assets decreased during the year in the amount of \$3,439 or a decrease of less than 1% percent for an ending balance of \$1,062,698. The Restricted Net Assets increased during the year in the amount of \$66,368 or an increase of 25% percent for an ending balance of \$335,582. The restricted net assets increased \$693,414 from the previous fiscal year. Additional information on the Authority's restricted and unrestricted net assets can be found in Note 13 and 14 to the financial statements, which is included in this report.

The Authority's cash, and cash equivalent at December 31, 2010 is \$476,536 representing a decrease of \$71,502 or 13% percent from the prior calendar year. The full detail of this amount can be found in the Statement of Cash Flow on page 15 of this report.

The Authority's total assets are \$2,405,049 of which capital assets net book value is \$1,062,698, other assets is stated at \$800,000, leaving total current assets at \$542,351. Total current assets decreased from the previous year by \$71,898 or 12% percent. Cash and cash equivalents decreased by \$71,502, and accounts receivables decreased by \$396.

The Authority's total liabilities are reported at \$3,287. Total liabilities decreased during the year as compared to the prior year in the amount of \$149,298 or 98% percent. Accounts payables decreased by \$5,908, accrued liabilities increased by \$526, and deferred revenue decreased \$143,916. HUD advanced under the Housing Choice Voucher program the January 2010 subsidy in December 2009 in the amount of \$143,916 which was reported as income in 2010.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority had total operating revenue of \$1,925,685 as compared to \$1,854,010 from the prior year for an increase of \$71,675 or 4% percent. Total operating expenses were \$1,856,487 as compared to \$1,858,419 from the previous year for a decrease of \$1,932 or less than 1% percent, resulting in excess revenue from operations in the amount of \$69,198 for the current year as compared to excess expenses from operations in the amount of \$4,409 from the previous year for an increase in revenue of \$73,607.

The Authority had no capital additions for the fiscal year ending December 31, 2010. A full detail of capital fixed assets can be found in the Notes to the Financial Statements section Note - 7 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$1,809,837 for the calendar year 2010 as compared to \$1,728,672 for the previous calendar year 2009 for an increase of \$81,165 or 5% percent.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

1. Housing Choice Voucher Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

There are two major parts to the financial statements:

- 1) Enterprise fund financial statements and
- 2) The notes to the financial statements.

This report also contains other supplementary information in addition to the financial statements. The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION- CONTINUED

The Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Net Assets are two financial statements that report information about the Authority and its activities. The Statement of Cash Flow help to demonstrate how the Authority's cash position changed due to the current year's operating activities. Theses 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.

The Statement of Net Assets presents 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 Statement of Revenue, Expenses and Changes in Net Assets present information showing how the Authority's net assets changed during the most recent calendar 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future calendar periods (e.g.; depreciation and earned but unused vacation leave).

The Notes to Financial Statements provide additional information that is essential to a full understanding of the financial statements and are an integral part of the statements. The Notes to Financial Statements can be found in this Report beginning on page 16 through 34.

The Authority 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 13 through 15.

The Schedule of Expenditures of Federal Awards is presented for purpose 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 35 of this report.

Budgetary Comparison under GASB No. 34, budgetary comparison information is required to be presented for the Housing Choice Voucher Program which the Board of Commissions has legally adopted the budget during the year. The budgetary comparison schedule has been provided for the program to demonstrate compliance with the budget. The comparison of actual results to the Authority's for the Section Eight Housing Choice Voucher Program on page 36.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Assets between December 31, 2010 and December 31, 2009.

	<u>Year Ended</u>		Increase
	December-10	December-09	(Decrease)
Cash	\$ 476,536	\$ 548,038	\$ (71,502)
Other Current Assets	65,815	66,211	(396)
Capital Assets - Net	1,062,698	1,066,137	(3,439)
Other Assets	800,000	800,000	-
Total Assets	2,405,049	2,480,386	(75,337)
Less: Current Liabilities	(3,287)	(152,585)	149,298
Net Assets	\$ 2,401,762	\$ 2,327,801	\$ 73,961
Invested in Capital Assets	\$ 1,062,698	\$ 1,066,137	\$ (3,439)
Restricted Net Assets	335,582	269,214	66,368
Unrestricted Net Assets	1,003,482	992,450	11,032
	\$ 2,401,762	\$ 2,327,801	\$ 73,961

Cash decreased by \$71,502 or 13% percent. Net cash used by operating activities was \$76,265, net cash used by capital and related financing activities was \$0, and net cash provided by investing activities was \$4,763. The full detail of these amounts can be found in the Statement of Cash Flow on page 15 of this audit report.

Accounts receivable decreased \$396.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$3,439. The major factor that contributed to the decrease was the recording of depreciation expense in the amount of \$3,439. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note - 7 Fixed Assets.

Total current liabilities decreased from the previous year by \$149,298 or 98% percent. The major factor contributed for the decrease was the recording of deferred revenue as income which was received in 2010 in the amount of \$143,916. HUD advanced under the Housing Choice Voucher program January 2010 subsidy in December 2009.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's reported net assets of \$2,401,762 which is made up of three categories. The investment in capital assets in the amount of \$1,062,698 represents 44% percent of the total account balance. The investment in capital assets (e.g., land, and office equipment); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing support services for the tenants of the Housing Choice Voucher Program; consequently, these assets are not available for future spending.

The second largest portion of the Authority's net assets (42% percent) reflects its Unrestricted Net Assets. The Old Bridge Township Housing Authority operating results for December 31, 2010 reported an increase in Unrestricted Net Assets of \$11,032 or 1% for an ending balance of \$1,003,482. The remaining (14% percent) reflects the Authority's Restricted Net Assets in the amount of \$335,582 which increased \$66,368 or 25% percent compared to the prior fiscal year. A full detail of these accounts can be found in the Notes to the Financial Statements section Note - 13 & 14.

At the end of the current year, the Authority is able to report positive balances in the three categories of net assets. The same situation held true for the prior year.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Assets between December 31, 2010 and December 31, 2009.

	<u>Year Ended</u>		Increase (Decrease)
	December-10	December-09	
<u>Revenues</u>			
HUD Subsidies	\$ 1,809,837	\$ 1,728,672	\$ 81,165
Fraud Recovery	11,060	3,529	7,531
Other Revenues	104,788	121,809	(17,021)
Total Operating Income	<u>1,925,685</u>	<u>1,854,010</u>	<u>71,675</u>
<u>Expenses</u>			
Operating Expenses	1,853,048	1,854,478	(1,430)
Depreciation Expense	3,439	3,941	(502)
Total Operating Expenses	<u>1,856,487</u>	<u>1,858,419</u>	<u>(1,932)</u>
Operating Income before Non Operating Income	69,198	(4,409)	73,607
Interest Income	<u>4,763</u>	<u>12,641</u>	<u>(7,878)</u>
Change in Net Assets	73,961	8,232	65,729
Net Assets Prior Year	2,327,801	2,319,569	8,232
Total Net Assets	<u>\$ 2,401,762</u>	<u>\$ 2,327,801</u>	<u>\$ 73,961</u>

Approximately 94% of the Authority's total revenue was provided by HUD operating subsidy, while 6% resulted from other sources. The Authority experienced an increase in HUD subsidies from the prior year in the amount of \$81,165.

The Authority operating expenses cover a range of expenses. The largest expense was for housing assistance payments for the tenants that participated in the program in the amount of \$1,624,715 representing 88% of total operating expenses. The administrative expenses represented 11% of total operating expenses, other operating expenses and depreciation accounted for the remaining 1% of the total operating expenses.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority operating revenue exceeded its operating expenses resulting in excess revenue in the amount of \$69,198 from operations as compared to excess expenses from operations of \$4,409 for the previous calendar year. The key elements for the increase in revenue of \$73,607 as compared to the prior calendar year are as follows:

- The Authority experienced an increase in total revenue in the amount of \$71,765 compared to the prior fiscal year. The increase consisted of HUD operating grants, which increased \$81,165, fraud recovery increased \$7,531, and other revenue decreased \$17,021.
- The Authority experienced a decrease in total administrative expenses in the amount of \$4,004 compared to the prior fiscal year. This decrease consisted mainly of a decrease in the amount of \$12,459 in employee benefit contributions.

Total operating activities provided negative net cash from operating activities. Total net cash used by operating activities during the year was \$76,265. Full detail of this amount can be found on the Statement of Cash Flow on page 15 of this report.

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of subsidies, and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's operating revenues were not sufficient to cover all operating expenses.

The Authority's Unrestricted Net Assets appear sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

THE OLD BRIDGE TOWNSHIP HOUSING AUTHORITY PROGRAMS

Housing Choice Voucher Program:

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at approximately 30% of household income subject to certain restrictions

Township of Old Bridge Affordable Housing Trust Fund:

The Authority administers an affordable housing trust fund, for the Township, which is to provide housing assistance payments for families residing in the Township of Old Bridge (C.O.H.A.).

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

The following are financial highlights of significant items for a four year period of time ending on December 31, 2010.

Significant Items

	December-10	December-09	December-08	December-07
Significant Income				
HUD Operating Grants	\$ 1,809,837	\$ 1,728,672	\$ 1,577,530	\$ 1,653,921
Fraud Recovery	11,060	3,529	6,127	5,253
Investment Income	4,763	12,641	47,983	84,262
Other Income	104,788	121,809	8,980	11,226
Total	\$ 1,930,448	\$ 1,866,651	\$ 1,640,620	\$ 1,754,662
Payroll Expense				
Administrative Salaries	\$ 27,679	\$ 27,751	\$ 33,405	\$ 48,382
Employee Benefits Expense	15,522	27,981	33,849	35,960
Total Payroll Expense	\$ 43,201	\$ 55,732	\$ 67,254	\$ 84,342
Other Significant Expenses				
Other Administrative Expenses	\$ 163,673	\$ 86,866	\$ 78,268	\$ 54,653
Outside Management Fee	-	68,280	69,137	61,452
Other General Expenses	24,898	24,175	322,734	499,937
Housing Assistance Payments	1,624,715	1,623,366	1,467,151	1,352,533
Total	\$ 1,813,286	\$ 1,802,687	\$ 1,937,290	\$ 1,968,575
Total Operating Expenses	\$ 1,856,487	\$ 1,858,419	\$ 2,004,544	\$ 2,073,851
Total of Federal Awards	\$ 1,809,837	\$ 1,728,672	\$ 1,577,530	\$ 1,653,921

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

BUDGETARY HIGHLIGHTS

For the year ended December 31, 2010, individual program or grant budgets were prepared by the Authority. The Authority adopts a consolidated annual operating budget for all programs which is approved and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

NEW INITIATIVES

The current administration of the Authority is determined to improve the financial results of the Authority's operations. Additionally, it is the Authority's goal to provide better communication with the community, commissioners, and tenants of the housing choice voucher program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 - Capital Assets

The Authority's investment in capital assets as of December 31, 2010 is \$1,062,698 (net of accumulated depreciation). This investment in capital assets includes land, and office equipment. The total decrease during the calendar year in the Authority's investment in capital assets, net of related debt for the current calendar year was \$3,439. This decrease was a result of the recording of depreciation expense in the amount of \$3,439.

	December-09	Additions	December-10
Land	\$ 1,061,385		\$ 1,061,385
Furniture, Equipment - Administration	31,988	-	31,988
Total Fixed Assets	1,093,373	-	1,093,373
Accumulated Depreciation	(27,236)	(3,439)	(30,675)
Net Book Value	\$ 1,066,137	\$ (3,439)	\$ 1,062,698

Additional information on the Authority's capital assets can be found in Note 7 to the financial statements, which is included in this report.

2-Debt Administration

The Housing Choice Voucher Program does not have any long-term debt at this time.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2010**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Old Bridge Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.

The following factors were considered in preparing the Authority's budget for the calendar year ending December 31, 2010.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.
- HUD's forthcoming project based budgeting, accounting, and reporting requirements.
- The Authority's Unrestricted Net Assets appear sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

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 Larry Stratton, Director of Operations, Old Bridge Township Housing Authority, 2000 Route 18 North, Suite 100, Old Bridge, New Jersey 08857, or call (732) 607-6383.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2010 AND 2009

	December 31,	
	2010	2009
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 476,536	\$ 548,038
Accounts Receivables, Net of Allowances	65,815	66,211
Total Current Assets	542,351	614,249
Noncurrent Assets		
Capital Assets		
Land	1,061,385	1,061,385
Furniture, Equipment - Administration	31,988	31,988
Total Capital Assets	1,093,373	1,093,373
Less: Accumulated Depreciation	(30,675)	(27,236)
Net Book Value	1,062,698	1,066,137
<u>Other Assets</u>		
Mortgage Receivable	800,000	800,000
Total Noncurrent Assets	1,862,698	1,866,137
Total Assets	\$ 2,405,049	\$ 2,480,386
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 1,135	\$ 7,043
Accrued Expenses	2,152	1,626
Deferred Revenue	-	143,916
Total Current Liabilities	3,287	152,585
Net Assets:		
Investment in Capital Assets, Net of Related Debt	1,062,698	1,066,137
Restricted Net Assets	335,582	269,214
Unrestricted Net Assets	1,003,482	992,450
Total Net Assets	2,401,762	2,327,801
Total of Liabilities and Net Assets	\$ 2,405,049	\$ 2,480,386

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

	December 31,	
	2010	2009
Revenue:		
HUD PHA Operating Grants	\$ 1,809,837	\$ 1,728,672
Fraud Recovery	11,060	3,529
Other Revenue	104,788	121,809
Total Revenue	1,925,685	1,854,010
Operating Expenses:		
Administration:		
Administrative Salaries	27,679	27,751
Audit Fee's	8,400	8,400
Outside Management Fee	-	68,280
Employee Benefit Contributions	15,522	27,981
Other Operating Administrative Expenses	155,273	78,466
Total Administrative Expenses	206,874	210,878
Other Operating Expenses:		
Other General Expenses	13,999	12,224
Insurance Premiums	7,460	8,010
Housing Assistance Payments	1,624,715	1,623,366
Depreciations Expense	3,439	3,941
Total Other Operating Expenses	1,649,613	1,647,541
Total Operating Expenses	1,856,487	1,858,419
Excess Revenue Over Expenses From Operations	69,198	(4,409)
Other Income:		
Investment Income	4,763	12,641
Total Other Income	4,763	12,641
Excess Revenue over Expenses	73,961	8,232
Beginning Net Assets	2,327,801	2,319,569
Ending Net Assets	\$ 2,401,762	\$ 2,327,801

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF CASH FLOW
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

	December 31,	
	2010	2009
Cash Flow From Operating Activities		
Receipts from Federal Grants	\$ 1,809,837	\$ 1,728,672
Receipts from Fraud Recovery	11,060	3,529
Receipts from Other Sources	104,788	121,809
Payments to Vendors and Suppliers	(334,034)	(26,146)
Payments for Housing Assistance Payments	(1,624,715)	(1,623,366)
Payments to Employees	(27,679)	(27,751)
Payment of Employee Benefits	(15,522)	(27,981)
Net Cash (Used) Provided by Operating Activities	(76,265)	148,766
Cash Flow From Capital and Related Financing Activities		
Acquisitions of Capital Assets	-	(1,061,325)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,061,325)
Cash Flow From Investing Activities		
Interest Income	4,763	12,641
Net Cash Provided by Investing Activities	4,763	12,641
Net (Decrease) in Cash and Cash Equivalents	(71,502)	(899,918)
Beginning Cash	548,038	1,447,956
Ending Cash	\$ 476,536	\$ 548,038
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Excess of Revenue Over Expenses	\$ 69,198	\$ (4,409)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense - net of adjustments	3,439	3,941
(Increase) Decrease in:		
Accounts Receivables	396	7,573
Increase (Decrease) in:		
Accounts Payable	(5,908)	(3,288)
Accrued Liabilities	526	1,033
Deferred Revenue	(143,916)	143,916
Net Cash (Used) Provided by Operating Activities	\$ (76,265)	\$ 148,766

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization - The Authority is a non-profit corporation which was organized under the laws 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 Township of Old Bridge in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority.

The Authority is responsible for the development, maintenance, and management of housing for low and moderate income families residing in the Township of Old Bridge. Operating subsidy is provided to the Authority by the federal government. At December 31, 2010, the Authority maintains a housing choice voucher program which provides housing assistance payments to approximately 204 families.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Township of Old Bridge officials, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the Township of Old Bridge reporting entity.

Based on the following criteria, the Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in Section 2100 of GASB's Codification of governmental Accounting and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The primary government holds the corporate powers of the organization.
- C. The primary government appoints a voting majority of the organization's board.
- D. The primary government is able to impose its will on the organization.
- E. There is fiscal dependency by the organization on the primary government.
- F. The organization has potential to impose a financial benefit or burden on the primary government.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

2. Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority. Entities using this method observe all Financial Accounting Standards Board (FASB) Statements and Interpretations in the preparation of financial statements, unless the GASB has specifically addressed the accounting issue in one of its own pronouncements. GASB-20-“Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting” addresses the applicability of the various FASB’s, and allows several options in the use of the FASB’s. The Authority has elected to use Alternative 2 of GASB-20 which states that “a proprietary activity may also apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements”. Also, the Authority has elected to not follow FASB-106, FASB-112, and FASB-132, which all deal with pension reporting. Instead, the Authority follows GASB-45-“Accounting for Pensions by State and Local Governmental Employers.”

New Accounting Standards Adopted

Statement No. 45 of the Government Accounting Standards Board (“GASB 45”) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension* was issued in June 2004. This Statement requires the Authority to account for its “other postemployment benefits” (OPEB) in essentially the same way as it accounts for pension benefits. OPEB include medical, prescription drug, dental, vision, life insurance and disability benefits provided to retirees and certain terminated employees.

This Statement will improve the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

A. Basis of Accounting –

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

The major sources of revenue are Section 8 housing choice voucher assistance payments grants, and other revenue.

Other revenue is income composed primarily of miscellaneous services fees charged to the Old Bridge Housing Urban Renewal Partnership, L.P. during the year. The revenue is recorded as earned since it is measurable and available.

2. B. Report Presentation –

HUD Section 8 Housing Choice Voucher Assistance Program receives from HUD an Annual Budget Amount (ABA) during the year in accordance with applicable HUD program guidelines. As of January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2008, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net assets during the year. Administrative fee paid by HUD to the Authority in excess of administrative expenses are a part of the undesignated fund balance and are considered to be administrative fee reserves.

There are neither fiduciary funds nor component units that are fiduciary in nature included in these financial statements.

The financial statements included in this report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America. In accordance with GASB Statement No. 34, the report includes Management's Discussion and Analysis. The Authority has implemented the general provisions of GASB Statement No. 34.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

2. B. Report Presentation – Continued

Also the Authority adopted the provisions of Statement No. 37 “Basic Financial Statement and Management’s Discussion and Analysis for State and Local Governments” and Statement No.38 “Certain Financial Statement Note Disclosures” which supplements GASB Statement No. 34.

GASB Statement No. 34 established standards for external financial reporting for all State and Local Governments entities that includes a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flow.

GASB Statement No. 34 requires the classification of net assets into three components, Investment in Capital Assets, Net of Related Debt Restricted Net Assets, and Unrestricted Net Assets.

Net Assets Invested in Capital Assets Net of Related Debt.

The net assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

Restricted Net Assets.

The net assets less that are subject to constraints on their use by creditors, grantors, contributors, legislation, or other governmental laws or regulations.

Unrestricted Net Assets.

The net assets consist of net assets that do not meet the definition of Restricted Net Assets or Invested in Capital Assets, Net of Related Debt.

The adoptions of Statement No. 34, Statement No. 37, and Statement No. 38 have no significant effect on the financial statements except, for the classification of net assets in accordance with Statement No. 34.

The Enterprise Fund is used for activities which are financed and operated in a manner similar to a private business enterprise where the intent is that the costs (expenses, including depreciation) of providing goods or services to its clients on a continuing basis be financed or recovered primarily through user charges or operating subsidies.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both are which are included as Supplemental information.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2010

Other accounting policies are as follows

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

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

3 – Equipment is recorded at cost for all programs and depreciation is computed on the straight line basis.

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

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

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

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

8 – The Authority does not have any infrastructure assets for its Enterprise Fund.

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

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

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2010

Other accounting policies - continued

11- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

12- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

13- When expenses are incurred where both restricted and unrestricted net assets are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net assets will be used.

C. Budgetary and Policy Control -

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

Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2010

C. Budgetary and Policy Control –Continued

Budgetary Comparison under GASB No. 34, budgetary comparison information is required to be presented for the Housing Choice Voucher Program which the Board of Commissions has legally adopted the budget during the year. The budgetary comparison schedules have been provided for these programs to demonstrate compliance with the budgets. The comparison of actual results to the Authority's for the Housing Choice Voucher Program found on page 36.

3. Activities - The only programs or activities administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V-110	204

Housing Trust Fund:

The Authority administers an affordable housing trust fund which is to provide housing assistance payments for families residing in the Township of Old Bridge.

- 4. Taxes** - Under federal, state, and local law, the Authority's program are exempt from income, property and excise taxes.
- 5. Grants** - The Authority receives reimbursement from various grantors for the cost of sponsored projects, including administrative cost. Grant revenues are recognized as income when earned. Grant expenditures are recognized on the accrual basis.
- 6. Board of Commissioners** - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:
1. The ability of the Board to exercise supervision of a component unit's financial independence.
 2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.
 3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.
 4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
 5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

NOTE 2 - ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

NOTE 3 - PENSION PLAN - CONTINUED

The Authority participates in the Public Employees Retirement System (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Division of Pensions within the Department of Treasury, State of New Jersey. It is a cost sharing, multiple-employer defined benefit pension plan. The PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system. Membership is mandatory for such employees.

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 5% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2010 and 2009 amounted to \$3,816 and \$2,760.

Post Employment Retirement Benefits

The Authority also provides post employment health care benefits and life insurance to all eligible retirees. Eligibility requires that employees be 55 years or older with at least 25 years of service.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2010

NOTE 4 – CASH, CASH EQUIVALENTS

The Authority's cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment includes cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. 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 the State of New Jersey and HUD requirements.

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/FSLIC 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. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

Collateral for Deposits

The New Jersey Government Code requires New Jersey banks and savings and loan associations to be covered by the Governmental Unit Deposit 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 institution's name. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. The market value of the pledged securities must equal at least 110% of the Authority's deposits.

The Authority had the following depository accounts. All deposits are carried at cost plus accrued interest. The Authority does have a deposit policy as required by HUD. Cash and Cash Equivalents of \$476,536 at December 31, 2010 and \$548,038 at December 31, 2009 consisted of the following financial institutions:

	<u>December-10</u>	<u>December-09</u>
Amboy National Bank - Trust Funds	\$ 55,290	\$ 52,666
Amboy National Bank - CD's	121,775	121,468
Amboy National Bank - Checking Accounts	299,421	373,854
Petty Cash	50	50
Total	<u>\$ 476,536</u>	<u>\$ 548,038</u>

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

NOTE 4 - CASH, CASH EQUIVALENTS - CONTINUED

The Authority's checking accounts are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does have a deposit policy for custodial credit risk. The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	<u>Bank Balances</u>	
	<u>December-10</u>	<u>December-09</u>
Insured	\$ 250,000	\$ 250,000
Collateralized held by pledging bank's trust department in the Authority's name	226,536	298,038
Total	<u>\$476,536</u>	<u>\$548,038</u>

The Authority has total restricted cash at December 31, 2010 and 2009 in the amount of \$335,582 and \$269,214, respectively, and was accounted for in Note 4. The restricted cash represents the HAP reserve.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2010 and 2009 consisted of the following:

	December-10	December-09
Accounts Receivable - Employee Theft	\$ 79,139	\$ 79,537
Less Allowance for Doubtful Accounts	(13,400)	(13,400)
Total	65,739	66,137
Accrued Interest Receivable	76	74
Total	65,815	66,211
Fraud Recovery	8,459	-
Less Allowance for Fraud Recovery	(8,459)	-
Accounts Receivable - Net of Allowances	<u>\$ 65,815</u>	<u>\$ 66,211</u>

The Old Bridge Township Housing Authority carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Authority evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write offs, collections, and current credit conditions. Accounts are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the tenant do not exhibit the ability to meet their obligations.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

NOTE 5 - ACCOUNTS RECEIVABLE – CONTINUED

Two former Housing Choice Voucher employees were indicted on charges of official misconduct and theft by unlawful taking of funds from the Authority. A court order is in place and payments were received in subsequent year. Management has estimated full recovery of the funds taken to be a fair assumption for the allowance for doubtful accounts.

NOTE 6 – INTERFUND ACTIVITY

Interfund activity is reported as short term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenue and expenses. The amounts between the various programs administered by the Authority at December 31, 2010 are detailed on the Financial Data Schedule. Interfund receivables and payables between funds are eliminated in the Statement of Net Assets.

NOTE 7 - FIXED ASSETS

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority. Property and equipment are stated at cost. Donated fixed assets are stated at their fair value on the date donated. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

- | | |
|---------------------|---------|
| 1. Office Equipment | 5 years |
|---------------------|---------|

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$500 are expensed when incurred.

The carrying value of long-live assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," when indications of an impairment are present, the recoverability of the carrying value of the asset in question are assessed based on the future undiscounted cash flow expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value. The Authority does not have any impairment at December 31, 2010.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

NOTE 7 - FIXED ASSETS - CONTINUED

Below is a schedule of changes in fixed assets for the twelve months ending December 31, 2010 and 2009:

	December-09	Additions	December-10
Land	\$ 1,061,385	\$ -	\$ 1,061,385
Furniture, Equipment - Administration	31,988	-	31,988
Total Fixed Assets	1,093,373	-	1,093,373
Accumulated Depreciation	(27,236)	(3,439)	(30,675)
Net Book Value	\$ 1,066,137	\$ (3,439)	\$ 1,062,698

	December-08	Additions	December-09
Land	\$ 60	\$ 1,061,325	\$ 1,061,385
Furniture, Equipment - Administration	31,988	-	31,988
Total Fixed Assets	32,048	1,061,325	1,093,373
Accumulated Depreciation	(23,295)	(3,941)	(27,236)
Net Book Value	\$ 8,753	\$ 2,118,709	\$ 1,066,137

NOTE 8 - OTHER ASSETS - MORTGAGE RECEIVABLE:

On December 8, 2003, the Authority advanced \$800,000 to the Old Bridge Housing Urban Renewal Partnership, L.P. for the construction of an affordable elderly development. The loan is non-interest bearing, secured by a third mortgage on the premises and is due thirty (30) years from the first day of the month following completion of the construction of the development, which was August 1, 2005. Accordingly, the maturity date is to be August 1, 2036.

NOTE 9 - ACCOUNTS PAYABLE

The Authority reported accounts payable on its balance sheet as of December 31, 2010 and 2009. Accounts payable vendors are amount owing to creditors or generally on open accounts, as a result of delivered goods and completed services. Accounts payable at December 31, 2010 and 2009 in the amount of \$1,135 and \$7,043, respectively, consisted of open vendor invoices.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

NOTE 10 - ACCRUED EXPENSES

The Authority reported accrued expenses on its balance sheet in the amount of \$2,152 for December 31, 2010 and \$1,626 for 2009. Accrued expenses are liabilities covering expenses incurred on or before December 31, and are payable at some future date. Accrued liabilities at December 31, 2010 and 2009 consist of:

	<u>December-10</u>	<u>December-09</u>
Accrued Wages/Payroll Taxes	\$ 1,581	\$ 1,072
Accrued Compensated Absences - Current	571	554
Total	<u>\$ 2,152</u>	<u>\$ 1,626</u>

NOTE 11- ACCRUED COMPENSATED ABSENCES

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

Employees may only accumulate vacation leave with the approval of the Executive Director. Unused sick leave may be carried to future periods and used in the event of extended illness. Employees may be compensated for accumulated vacation and sick leave in the event of retirement or termination from service based on the current provisions outlined in personnel policy.

The Authority has determined that the potential liability for accumulated vacation and sick time is \$571 for December 31, 2010 and \$554 for 2009.

NOTE 12 - DEFERED REVENUE

The Authority as of December 31, 2010 had no deferred revenues to report on its balance sheet. Deferred revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized. The deferred revenue for December 31, 2010 and 2009 is \$-0- and \$143,916 and consists of:

	<u>December-10</u>	<u>December-09</u>
HCV Operating Subsidy	\$ -	\$ 143,916
Total Deferred Revenue	<u>\$ -</u>	<u>\$ 143,916</u>

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2010

NOTE 13 – RESTRICTED NET ASSETS

The Authority reported Restricted Net Assets in the amount of \$335,582 as of December 31, 2010 and consists of:

	HCV HAP Reserve
Balance December 31, 2008	\$ 245,267
Increase During the Year	23,947
Balance December 31, 2009	269,214
Increase During the Year	66,368
Balance December 31, 2010	<u>\$ 335,582</u>

Housing Choice Voucher Program - Reserves

Prior to January 1, 2005 excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority's fiscal year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2008, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net assets during the year.

NOTE 14 – UNRESTRICTED NET ASSETS

The Authority Unrestricted Net Assets account balance at December 31, 2010 in the amount of \$1,003,482 and consists of:

	Trust Fund Reserves	HCV Reserves	Total
Balance December 31, 2008	\$ 1,906,447	\$ 159,102	\$ 2,065,549
Decrease During the Year	(1,053,781)	(19,318)	(1,073,099)
Balance December 31, 2009	852,666	139,784	992,450
Decrease During the Year	2,624	8,408	11,032
Balance December 31, 2010	<u>\$ 855,290</u>	<u>\$ 148,192</u>	<u>\$ 1,003,482</u>

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2010

NOTE 14 - UNRESTRICTED NET ASSETS - CONTINUED

Housing Choice Voucher Program - Reserves

Administrative fee paid by HUD to the Authority in excess of administrative expenses are also part of the undesignated fund balance and are considered to be administrative fee reserves. Administrative fee reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR 982.155 - i.e. other housing purposes permitted by state and local law. Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

	Pre 2004 Unrestricted Reserves	Post 2003 Unrestricted Reserves	Total Unrestricted Reserves
Balance 12/31/2003	\$ 161,893	\$ 960	\$ 162,853
Net Admin. Fee Operating Income for the year ended 12/31/2004		5,773	5,773
Balance 12/31/2004	161,893	6,733	168,626
Net Admin. Fee Operating Income for the year ended 12/31/2005		16,565	16,565
Balance 12/31/2005	161,893	23,298	185,191
Net Admin. Fee Operating Income for the year ended 12/31/2006	-	9,620	9,620
Balance 12/31/2006	161,893	32,918	194,811
Net Admin. Fee Operating Income for the year ended 12/31/2007	150,000	12,285	162,285
Balance 12/31/2007	311,893	45,203	357,096
Net Admin. Fee Operating Income for the year ended 12/31/2008	(174,900)	(15,022)	(189,922)
Balance 12/31/2008	136,993	30,181	167,174
Net Admin. Fee Operating Income for the year ended 12/31/2009		(27,390)	(27,390)
Balance 12/31/2009	136,993	2,791	139,784
Net Admin. Fee Operating Income for the year ended 12/31/2010		8,408	8,408
Balance 12/31/2010	\$ 136,993	\$ 11,199	\$ 148,192

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

NOTE 15 – 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 for which the Authority purchases commercial insurance. During the year ended December 31, 2010, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its property for the purpose of determining potential liability issues.

During the year ended December 31, 2010, the Authority did not reduce insurance coverage's from coverage levels in place as of December 31, 2009. No settlements have exceeded coverage levels in place during 2008, 2009, and 2010.

The Authority participates in the New Jersey Public housing Authority Joint Insurance Fund (NJPHA –JIF), which was established in 1998 by several Housing Authority's as a means of reducing the cost of general liability insurance. The NJ-PHA JIF is a public entity risk pool currently operating as a common risk management and insurance program for the member Authority's. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess Catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. Coverage includes all property and \$4,000,000 for liability.

No settlement has exceeded coverage since establishment of the Consortium. In 2000 NJPHA –JIF added statutory worker's compensation coverage. For the fiscal year ended December 31, 2010 the Authority paid \$7,460 to NJPHA –JIF for property, general liability, public employee bond, public officials bond, auto coverage, excess liability, commercial package, and worker's compensation protection. Since the Consortium requests initial payments to cover substantially any losses to be incurred for that policy year, the Authority anticipates no future liabilities for incurred losses.

NOTE 16 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Annual Contributions Contracts for the Section 8 housing choice program provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The programs provide for such payment with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. The authority is also eligible to receive reimbursement for preliminary expenses prior to lease up. HUD contributions for the Housing Choice Voucher for December 31, 2010 were \$1,809,837 and \$1,728,672 for 2009.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2010

NOTE 17 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority operations are concentrated in the low income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD for the year ending December 31, 2010 and 2009 was \$1,809,837 and \$1,728,672, respectively.

NOTE 18 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

In September 2004, the GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. All of the Authority's retirees continue their life insurance and continue to receive health insurance benefits at various percentages of the Authority's cost. In prior years, the Authority financed OPEB on a pay-as-you-go basis with expenditures recorded in the General Fund. Accounting for OPEB under GASB No. 45 will result in the Authorities reporting a significant actuarially-based liability for benefits.

The Authority reviewed the GASB No. 45 requirements and determined it does not have any retirees to account for and only one employee who do not qualified for retirement at the present time. No liability was recorded during the year.

NOTE 19 - CONTINGENCIES

Litigation – At December 31, 2010, the Authority was not involved in any threatened litigation.

Grants Disallowances – The Authority participates in federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits performed by the federal government could lead to adjustments for disallowed claims, including amounts already collected, and reimbursement by the Authority for expenditures disallowed under the terms of the grant. The Authority's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2010

NOTE 20 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 29, 2011, the date which the financial statements were available for issue.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010**

Programs funded by the U.S. Department of Housing
and Urban Development: Subject to Annual Contribution Contract

	<u>CFDA#</u>	<u>Expenditures</u>
<u>Rental Assistance Housing Program</u>		
Housing Choice Vouchers Program	14.871	<u>\$ 1,809,837</u>
Total Awards		<u><u>\$ 1,809,837</u></u>

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of The Old Bridge Township Housing Authority. The information in this schedule is presented in accordance with those requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2. Loans Outstanding:

The Old Bridge Township Housing Authority had no loans outstanding at December 31, 2010.

Note 3. Sub recipients:

Of the federal expenditures presented in the schedule above, The Old Bridge Township Housing Authority did not provide federal awards to any sub recipients.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
BUDGETARY COMPARISON SCHEDULE
HOUSING CHOICE VOUCHER PROGRAM
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
Revenue - Annual Contribution Required			
Housing Assistance Payments	\$ 1,809,837	\$ 1,778,106	\$ 31,731
Ongoing Administrative Fees Earned	-	-	-
Fraud Recovery	11,060	-	11,060
Other Income	102,564	10,000	92,564
Total Revenue	<u>1,923,461</u>	<u>1,788,106</u>	<u>135,355</u>
Operating Expenses:			
Administration:			
Administrative Salaries	27,679	27,600	(79)
Audit Fee's	8,400	9,000	600
Outside Management Fees	-	-	-
Employee Benefit Contributions	15,522	16,000	478
Other Operating Administrative Expenses	154,993	149,350	(5,643)
Total Administrative Expenses	<u>206,594</u>	<u>201,950</u>	<u>(4,644)</u>
Other Operating Expenses:			
Other General Expenses	13,999	7,500	(6,499)
Insurance	7,460	8,500	1,040
Housing Assistance Payments	1,624,715	1,577,376	(47,339)
Total Other Operating Expenses	<u>1,646,174</u>	<u>1,593,376</u>	<u>(52,798)</u>
Total Operating Expenses	<u>1,852,768</u>	<u>1,795,326</u>	<u>(57,442)</u>
Excess Revenue Over Expenses From Operations	<u>70,693</u>	<u>(7,220)</u>	<u>77,913</u>
Other Income and (Expenses):			
Investment Income	4,083	7,500	(3,417)
Transfer Out	(66,368)	-	(66,368)
Total Other Income and (Expenses)	<u>(62,285)</u>	<u>7,500</u>	<u>(69,785)</u>
Excess Revenue over Expenses	<u>\$ 8,408</u>	<u>\$ 280</u>	<u>\$ 8,128</u>

See accompanying notes to the financial statements.

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
111 Cash - Unrestricted	\$85,664	\$55,290	\$140,954	\$140,954
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$335,582		\$335,582	\$335,582
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$421,246	\$55,290	\$476,536	\$476,536
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$79,139		\$79,139	\$79,139
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other	-\$13,400		-\$13,400	-\$13,400
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$8,459		\$8,459	\$8,459
128.1 Allowance for Doubtful Accounts - Fraud	-\$8,459		-\$8,459	-\$8,459
129 Accrued Interest Receivable	\$76		\$76	\$76
120 Total Receivables, Net of Allowances for Doubtful	\$65,815	\$0	\$65,815	\$65,815
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets				
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$487,061	\$55,290	\$542,351	\$542,351
161 Land		\$1,061,385	\$1,061,385	\$1,061,385
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$31,988		\$31,988	\$31,988
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$30,675		-\$30,675	-\$30,675
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,313	\$1,061,385	\$1,062,698	\$1,062,698
171 Notes, Loans and Mortgages Receivable - Non-Current		\$800,000	\$800,000	\$800,000
172 Notes, Loans, & Mortgages Receivable - Non Current -				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$1,313	\$1,861,385	\$1,862,698	\$1,862,698
190 Total Assets	\$488,374	\$1,916,675	\$2,405,049	\$2,405,049
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$1,135		\$1,135	\$1,135
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$1,581		\$1,581	\$1,581
322 Accrued Compensated Absences - Current Portion	\$571		\$571	\$571
324 Accrued Contingency Liability				
325 Accrued Interest Payable				

See accompanying notes to the financial statements

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits				
342 Deferred Revenues				
343 Current Portion of Long-term Debt - Capital				
344 Current Portion of Long-term Debt - Operating				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$3,287	\$0	\$3,287	\$3,287
351 Long-term Debt, Net of Current - Capital				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0
300 Total Liabilities	\$3,287	\$0	\$3,287	\$3,287
508.1 Invested In Capital Assets, Net of Related Debt	\$1,313	\$1,061,385	\$1,062,698	\$1,062,698
509.2 Fund Balance Reserved				
511.2 Unreserved, Designated Fund Balance				
511.1 Restricted Net Assets	\$335,582		\$335,582	\$335,582
512.1 Unrestricted Net Assets	\$148,192	\$855,290	\$1,003,482	\$1,003,482
512.2 Unreserved, Undesignated Fund Balance				
513 Total Equity/Net Assets	\$485,087	\$1,916,675	\$2,401,762	\$2,401,762
600 Total Liabilities and Equity/Net Assets	\$488,374	\$1,916,675	\$2,405,049	\$2,405,049

See accompanying notes to the financial statements

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$1,809,837		\$1,809,837	\$1,809,837
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$1,534	\$680	\$2,214	\$2,214
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$11,060		\$11,060	\$11,060
71500 Other Revenue	\$102,564	\$2,224	\$104,788	\$104,788
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted	\$2,549		\$2,549	\$2,549
70000 Total Revenue	\$1,927,544	\$2,904	\$1,930,448	\$1,930,448
91100 Administrative Salaries	\$27,679		\$27,679	\$27,679
91200 Auditing Fees	\$8,400		\$8,400	\$8,400
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$15,522		\$15,522	\$15,522
91600 Office Expenses	\$49,331	\$280	\$49,611	\$49,611
91700 Legal Expense	\$15,878		\$15,878	\$15,878
91800 Travel	\$1,256		\$1,256	\$1,256
91810 Allocated Overhead				
91900 Other	\$88,528		\$88,528	\$88,528
91000 Total Operating - Administrative	\$206,594	\$280	\$206,874	\$206,874
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				

See accompanying notes to the financial statements

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary				
94000 Total Maintenance	\$0	\$0	\$0	\$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance	\$7,460		\$7,460	\$7,460
96100 Total insurance Premiums	\$7,460	\$0	\$7,460	\$7,460
96200 Other General Expenses	\$13,982		\$13,982	\$13,982
96210 Compensated Absences	\$17		\$17	\$17
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$13,999	\$0	\$13,999	\$13,999
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$228,053	\$280	\$228,333	\$228,333
97000 Excess of Operating Revenue over Operating	\$1,699,491	\$2,624	\$1,702,115	\$1,702,115
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$1,528,639		\$1,528,639	\$1,528,639
97350 HAP Portability-In	\$96,076		\$96,076	\$96,076
97400 Depreciation Expense	\$3,439		\$3,439	\$3,439
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				

See accompanying notes to the financial statements

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,856,207	\$280	\$1,856,487	\$1,856,487
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$71,337	\$2,624	\$73,961	\$73,961
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$413,750	\$1,914,051	\$2,327,801	\$2,327,801
11040 Prior Period Adjustments, Equity Transfers and				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts -				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity	\$149,505		\$149,505	\$149,505
11180 Housing Assistance Payments Equity	\$335,582		\$335,582	\$335,582
11190 Unit Months Available	2448		2448	2448
11210 Number of Unit Months Leased	2432		2432	2432
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				

See accompanying notes to the financial statements



Hymanson, Parnes & Giampaolo

Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

(No Reportable Instances of Noncompliance and No Material Weaknesses)

Board of Commissioners
Old Bridge Township Housing Authority
2000 Route 18 North
Suite 100
Old Bridge, New Jersey 08857

We have audited the financial statements of the Old Bridge Township Housing Authority as of and for the year ended December 31, 2010 and have issued our report thereon dated July 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Old Bridge Township Housing Authority internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 Old Bridge Township Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, United States Department of Housing and Development, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hymanson, Parnes & Giampaolo

Date: July 29, 2011



Hymanson, Parnes & Giampaolo

Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

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

**(Unqualified Opinion on Compliance, No Material Weaknesses or Significant
Deficiencies in Internal Control Over Compliance Identified)**

Board of Commissioners
Old Bridge Township Housing Authority
2000 Route 18 North
Suite 100
Old Bridge, New Jersey 08857

Compliance

We have audited the compliance of the Old Bridge Township Housing 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 the Old Bridge Township Housing Authority major federal programs for the year ended December 31, 2010. The Old Bridge Township Housing Authority's major federal programs are identified in the summary of the auditors result 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 generally accepted auditing standards accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and the U.S. Office of Management and Budgets Circular A-133. Those standards and OMB Circular A-133 required 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 major federal program occurred. An audit includes examining, on a test basis, evidence about the Old Bridge Township Housing Authority's compliance with those requirements and performing such other procedures as we consider 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 Old Bridge Township Housing Authority complied, in all material respects, with the compliance requirements referred to the above that could have a direct and material effect on each of its major federal program identified in the accompanying schedule of findings and questioned cost for the fiscal year ended December 31, 2010.

Internal Control Over Compliance

The management of the Old Bridge Township Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Old Bridge Township Housing 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 over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material 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 and use of the audit committee, management, United States Department of Housing and Development, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hymanson, Parnes & Giampaolo

Date: July 29, 2011

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Schedule of Findings and Questioned Cost

Year Ended December 31, 2010

Prior Audit Findings

None reported

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statement of the Old Bridge Township Housing Authority.
2. No reportable conditions relating to the audit of the financial statements are reported in the REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS.
3. No instances of noncompliance material to the financial statements of the Old Bridge Township Housing Authority were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.
5. The auditor's report on compliance for the Housing Choice Voucher Program expresses an Unqualified opinion.
6. No Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this Schedule.
7. The program tested as major program were:
 - a. Housing Choice Voucher, CFDA#14.871 with expenditures of \$1,809,837
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Old Bridge Township Housing Authority qualify as a low risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported



Hymanson, Parnes & Giampaolo

Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

Independent Accountant's Report on Agreed-Upon Procedures

Board of Commissioners
Old Bridge Township Housing Authority
2000 Route 18 North
Suite 100
Old Bridge, New Jersey 08857

We have performed the procedure described in the second paragraph of this report, which was agreed to by Old Bridge Township Housing Authority and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents. This agree-upon procedures engagement was performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart.

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the Housing Authority as of and for the year ended December 31, 2010, and have issued our report thereon dated July 29, 2011. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Financial Data Schedule (FDS) dated December 31, 2010, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the reporting package required by OMB Circular A-133, which includes the auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of The Old Bridge Township Housing Authority and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Hymanson, Parnes & Giampaolo

Date: July 29, 2011

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDAs	<input checked="" type="radio"/>	<input type="radio"/>
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	<input checked="" type="radio"/>	<input type="radio"/>
3	Type of opinion on FDS (data element G5100-010)	Auditor's supplemental report on FDS	<input checked="" type="radio"/>	<input type="radio"/>
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	<input checked="" type="radio"/>	<input type="radio"/>
5	General information (data element series G2000,G2100,G2200,G2300,G9000,G9100)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
6	Financial statement report information (data element G3000-010 to G3000-050, G3100-010 to G3100-030, G3200-010 to G3200-030, G3300-010 to G3300-060, G3400-010 to G3400-020)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
7	Federal program report information (data element G4000-010 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
8	Federal agencies required to receive reporting package (data element G4000-050)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
9	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	<input checked="" type="radio"/>	<input type="radio"/>

<u>Firm Name</u>	Hymanson Parnes & Giampaolo
<u>Employer Identification Number</u>	22-3554220
<u>Date</u>	July 29, 2011
<u>UII#</u>	#66170
<u>Contact First Name</u>	Anthony
<u>Contact Middle Initial</u>	J.
<u>Contact Last Name</u>	Giampaolo, C.P.A
<u>Street Address Line 1</u>	467 Middletown-Lincroft Rd.
<u>Street Address Line 2</u>	
<u>City</u>	Lincroft
<u>State</u>	New Jersey
<u>Zip Code</u>	07738
<u>Telephone</u>	732-842-4550