

REPORT ON AUDIT

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
AND REDEVELOPMENT AGENCY
Old Bridge, New Jersey**

Years Ended December 31, 2011 and 2010

**WILLIAM B. O'NEILL
CERTIFIED PUBLIC ACCOUNTANT
ELKINS PARK, PENNSYLVANIA**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

At December 31, 2011

The Old Bridge Township Housing Authority and Redevelopment Agency, as management of the Authority, offers readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, as presented elsewhere in this Report.

The Authority's programs consisted of a HUD subsidized Housing Choice Voucher Program with 204 authorized units and an Affordable Housing Trust Fund, known as COAH, which provides housing assistance payments for families residing in the Township of Old Bridge. However, there was no activity for the Trust Fund during the audit period.

A- Financial Highlights

1. The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$2,429,650 (Net Assets) as opposed to \$2,401,762 for the prior fiscal year.
2. As of the close of the current fiscal year the Authority's Proprietary Fund reported ending Unrestricted Assets of \$982,397 and Restricted Net Assets of \$385,868.
3. The Authority's cash and cash equivalents balance at December 31, 2011, was \$509,592 representing an increase of \$33,056 from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$1,841,936, and Total Operating Expenses of \$1,818,439 for the fiscal year ended December 31, 2011.
5. The Authority did not have any capital outlays for the fiscal year.
6. The Authority's Federal Awards and Expenditures amounted to \$1,741,769 for the fiscal year.

B- Using the Annual Report

1. Management's Discussion and Analysis - The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's Financial Statements and Notes to Financial Statements included in this Report were prepared in accordance with accounting principles, generally accepted in the United States of America for Proprietary Fund types.

2. **Financial Statements** – The financial statements are designed to provide readers with a broad overview of the Authority’s finances, in a manner similar to a private-sector business. They consist of Comparative Statements of Net Assets, Comparative Statements of Revenues, Expenses and Changes in Net Assets and Comparative Statements of Cash Flows.

The Comparative Statements of Net Assets present information on all the Authority’s assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

The financial statements report on the Authority’s activities. The activities are primarily supported by HUD subsidies. The Authority’s function is to provide decent, safe and sanitary housing to low and special needs population. The financial statements can be found on Schedules 1, 2, and 3 included in this Report.

3. **Notes to Financial Statements** – The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.
4. **Supplemental Information** – The Schedule of Federal Awards and Expenditures is presented for the purpose of additional analysis as required by US Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. The Schedule of Federal Awards and Expenditures can be found on Schedule 5 of this Report.

C- The Authority as a Whole – The Authority’s Net Assets increased during the fiscal year as detailed below. The Authority’s revenues are primarily subsidies received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. The Authority’s revenues and unrestricted net assets were sufficient to cover all expenses during the fiscal year.

The largest portion of the Authority’s net assets reflects its investment in land, which was purchased to build a 200-unit senior citizen rental complex. The Authority is attempting to set up funding for the project. The unrestricted net assets of the Authority are available for future use to provide program services. The restricted net assets can only be used when spent for the purpose which required the restriction.

Computations of Net Assets are as follows:

	<u>Year Ended</u>	
	<u>12/31/11</u>	<u>12/31/10</u>
Cash and Other Current Assets	\$ 575,207	\$ 542,351
Capital Assets - Net	1,061,385	1,062,698
Mortgage Receivable	800,000	800,000
Total Assets	2,436,592	2,405,049
Less: Total Liabilities	(6,942)	(3,287)
Net Assets	\$ 2,429,650	\$ 2,401,762
Invested in Capital Assets	\$ 1,061,385	\$ 1,062,698
Restricted Net Assets	385,868	335,582
Unrestricted Net Assets	982,397	1,003,482
Total Net Assets	\$ 2,429,650	\$ 2,401,762

Computations of Changes in Net Assets are as follows:

	<u>Year Ended</u>	
	<u>12/31/11</u>	<u>12/31/10</u>
<u>Revenues</u>		
HUD Operating Subsidies	\$ 1,741,769	\$ 1,809,837
Fraud Recovery	7,328	11,060
Other Revenues	92,839	104,788
	<hr/>	<hr/>
Total Operating Revenues	1,841,936	1,925,685
	<hr/>	<hr/>
<u>Expenses</u>		
Total Operating Expenses	233,535	228,333
Housing Assistance Payments	1,583,591	1,624,715
Depreciation Expense	1,313	3,439
	<hr/>	<hr/>
Total Operating Expenses	1,818,439	1,856,487
	<hr/>	<hr/>
Excess of Operating Revenues Over Expenses	23,497	69,198
	<hr/>	<hr/>
<u>Non-Operating Revenues</u>		
Interest Income	4,391	4,763
	<hr/>	<hr/>
Increase in Net Assets	27,888	73,961
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Net Assets - Beginning	2,401,762	2,327,801
	<hr/>	<hr/>
Net Assets - Ending	\$ 2,429,650	\$ 2,401,762
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D- **Budgetary Highlights** – For the year ended December 31, 2011, a program budget was prepared for the Authority and was approved by the Board of Commissioners. The budget was primarily used as a management tool and have no legal stature. Also, the Authority adopted a compressive annual budget for the General Fund. The budget was prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the Excess of Operating Revenues over Expenses, when adjusted by depreciation expense, the Authority's Net Assets increased slightly during the fiscal year.

E- **Summary of Significant Changes from Fiscal Year Ended December 31, 2010**

Cash and Cash Equivalents increased by \$33,056 primarily because the Authority's Restricted Net Cash increased by \$50,286.

There were no other significant changes during the Fiscal Year Ended December 31, 2011. For additional information refer to the Comparative Statements of Cash Flow on Schedule 3 included in this Report.

F- **Capital Assets and Debt Administration**

1. **Capital Assets** – As of December 31, 2011, the Authority's Investment in Capital Assets for its proprietary fund was \$1,061,385, net of accumulated depreciation. This Investment in Capital Assets includes land, furniture and equipment.

Additional information on the Authority's capital assets can be found in NOTE 4 to the Financial Statements, which is included in this Report.

2. **Authority Debt** – The Authority does not have any long term debt at this time.

G- **Economic Factors and Next Years Budgets and Rates** – The following factors were considered in preparing the Authority's budget for the fiscal year ending December 31, 2012:

1. The state of the economy, particularly with the current economic downturn.
2. The need for Congress to fund the Wars in the Middle East and on Terrorism, the need to manage the National Debt and the possibility of cutbacks in HUD.

3. **The use of the Authority's Unrestricted Net Assets of \$982,397 to fund any shortfalls rising from the economic downturn, the wars and reduced HUD subsidies.**

H- 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 the Acting Secretary, Old Bridge Township Housing Authority and Redevelopment Agency, 2000 Route 18 North, Suite 100, Old Bridge, NJ 08857 or call 732-607-6383.

WILLIAM B. O'NEILL

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INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
Old Bridge Township Housing Authority
and Redevelopment Agency
Old Bridge, New Jersey**

I have audited the accompanying Comparative Statements of Net Assets of the Old Bridge Township Housing Authority and Redevelopment Agency, herein referred to as the Authority, as of and for the years ended December 31, 2011 and December 31, 2010, and the related Comparative Statements of Revenues, Expenses and Changes in Net Assets and Cash Flows for the years then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurances about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

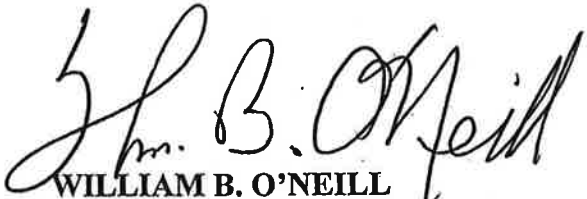
In my opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Authority as of December 31, 2011 and December 31, 2010, and the Changes in Net Assets and Cash Flows for the years indicated above in conformity with accounting principles, generally accepted in the United States of America.

In accordance with Government Auditing Standards, issued by the Comptroller General of the United States, I have also issued my Report dated July 31, 2012, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of law, regulations, contracts, grant agreements and other matters. The purpose of that Report is to describe the scope of my 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 should be considered in assessing the results of my audit.

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

My audit was performed for the purpose of forming an opinion on the financial statements of the Authority. The supplemental information contained in this Report is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Federal Awards and Expenditures is presented for the purpose of additional analysis as required by the Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations, and is also not a required part of the financial statements of the Authority. Lastly, the supplemental information in the accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in my opinion, is fairly stated, in all material respects, in relation to the financial statements as a whole.


WILLIAM B. O'NEILL
Certified Public Accountant

July 31, 2012

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY AND REDEVELOPMENT AGENCY
Old Bridge, New Jersey

COMPARATIVE STATEMENTS OF NET ASSETS

At December 31, 2011 and 2010

	<u>12/31/11</u>	<u>12/31/10</u>
ASSETS		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 509,592	\$ 476,536
Accounts Receivable (Net)	65,615	65,815
Total Current Assets	575,207	542,351
<u>CAPITAL ASSETS</u>		
Land	1,061,385	1,061,385
Furniture and Equipment	31,988	31,988
Total Capital Assets	1,093,373	1,093,373
Less: Accumulated Depreciation	(31,988)	(30,675)
Net Capital Assets	1,061,385	1,062,698
<u>OTHER ASSETS - NON CURRENT</u>		
Mortgage Receivable	800,000	800,000
Total Assets	\$ 2,436,592	\$ 2,405,049
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 4,722	\$ 1,135
Accrued Liabilities	2,220	2,152
Total Liabilities	6,942	3,287
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	1,061,385	1,062,698
Restricted Net Assets	385,868	335,582
Unrestricted Net Assets	982,397	1,003,482
Total Net Assets - Schedule 2	2,429,650	2,401,762
Total Liabilities and Net Assets	\$ 2,436,592	\$ 2,405,049

SEE NOTES TO FINANCIAL STATEMENTS

Schedule 2

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY AND REDEVELOPMENT AGENCY
Old Bridge, New Jersey

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2011 and 2010

	12/31/11	12/31/10
<u>OPERATING REVENUES</u>		
HUD Operating Subsidies	\$ 1,741,769	\$ 1,809,837
Fraud Recovery	7,328	11,060
Other Revenues	92,839	104,788
Total Operating Revenues	1,841,936	1,925,685
<u>OPERATING EXPENSES</u>		
Administration	213,423	206,874
General Expense	20,112	21,459
Housing Assistance Payments	1,583,591	1,624,715
Depreciation Expense	1,313	3,439
Total Operating Expenses	1,818,439	1,856,487
Excess of Operating Revenues Over Expenses	23,497	69,198
<u>NON OPERATING REVENUES</u>		
Investment Income - Restricted	2,699	2,549
Investment Income - Unrestricted	1,692	2,214
Increase in Net Assets	27,888	73,961
Net Assets - Beginning	2,401,762	2,327,801
Net Assets - Ending - Schedule 1	\$ 2,429,650	\$ 2,401,762

SEE NOTES TO FINANCIAL STATEMENTS

Schedule 3

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY AND REDEVELOPMENT AGENCY
Old Bridge, New Jersey

COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2011 and 2010

	<u>12/31/11</u>	<u>12/31/10</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
Receipts from HUD Operating Subsidies	\$ 1,749,097	\$ 1,809,837
Receipts from Other Operating Revenues	92,839	115,848
Cash Paid:		
Payments for Housing Assistance Payments	(1,583,591)	(1,624,715)
Payments to Vendors and Suppliers	(182,820)	(334,034)
Payments to Employees	(27,586)	(27,679)
Payments of Employee Benefits	(19,274)	(15,522)
Net Cash Provided by (Used for)		
Operating Activities	28,665	(76,265)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	4,391	4,763
Net Cash Provided by Investing Activities	4,391	4,763
Net Increase (Decrease) in Cash and Cash Equivalents	33,056	(71,502)
Cash and Cash Equivalents - Beginning	476,536	548,038
Cash and Cash Equivalents - Ending	\$ 509,592	\$ 476,536
 <u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATIONS</u>		
Excess of Operating Revenues Over Expenses	\$ 23,497	\$ 69,198
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	1,313	3,439
Decrease (Increase) in Assets		
Accounts Receivable	200	396
Increase (Decrease) in Liabilities		
Accounts Payable	3,587	(5,908)
Accrued Liabilities	68	526
Deferred Revenue	-	(143,916)
Net Cash Provided by (Used for) Operating Activities	\$ 28,665	\$ (76,265)

SEE NOTES TO FINANCIAL STATEMENTS

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
AND REDEVELOPMENT AGENCY
Old Bridge, New Jersey**

**NOTES TO FINANCIAL STATEMENTS
At December 31, 2011**

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies

- 1- **Organization** - The Authority is a governmental, public corporation created under Federal and State housing laws as defined by State statute (NJ, S.A. 4A: 12A-1, et. Seq., the “Housing Authority Act”). The Authority is governed by a Board of Commissioners consisting of seven members who serve five year terms. The governing Board is essentially autonomous, but is responsible to the US Department of Housing and Urban Development (HUD) and the State of New Jersey Department of Community Affairs (DCA). An Executive Director is appointed by the Authority’s Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of the Authority’s housing for low and moderate income families in the Authority’s jurisdiction. Operating subsidies are provided to the Authority by HUD. Rental subsidies are provided by HUD to eligible tenants under the Section 8 Housing Assistance Payments (HAP) Program.

The Authority has not identified any entities, which should be subject to evaluation for inclusion in the Authority’s reporting entity. The Authority has concluded that it is excluded from the Township’s reporting entity since the Township does not designate management, does not, influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.

The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government which the Authority’s Board of Commissioners and Acting Secretary exercise oversight responsibility. The HUD funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Federal Awards and Expenditures, both of which are included as Supplemental Information included in this Report.

- 2- **Activities** – At December 31, 2011, the programs or activities administered by the Authority were:

HUD Programs – The Authority administers the following Housing Choice Voucher Program

<u>Program</u>	<u>Contract No.</u>	<u>Project Nos.</u>	<u>Units Authorized</u>
Housing Choice Vouchers (HAP)	NY-1259	NJ 39-110V	204

Housing Trust Fund – The Authority administers an Affordable Housing Trust Fund, which provides housing assistance payments for families residing in the Township of Old Bridge.

3- Significant Accounting Policies

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

Revenues – The major source of revenues are various subsidies received from HUD and other miscellaneous revenues discussed below.

Section 8 HAP Operating Subsidies, received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule.

Previously, under the Section 8 HAP Program, a year end settlement was computed and the over-funded or under-funded amount, if any, was considered to be an amount due to or from HUD. Currently, the Section 8 HAP Program is funded based on actual expenditures reported in the Voucher Management System (VMS). Over-funded amounts are retained by the Authority, but may only be used for Section 8 HAP Program activities and under-funded amounts must be funded from the Authority's Section 8 HAP Restricted Net Assets.

Miscellaneous Revenues consist primarily of miscellaneous service fees. The revenues are recorded as earned since they are measurable and available.

- b. **Report Presentation** – The financial statements included in this Report were prepared in accordance with accounting principles, generally accepted in the United States of America applicable to governmental entities for Propriety Fund Types. The Authority implemented the provisions of Government Accounting Standards Board (GASB) Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus” and Statement No. 38 “Certain Financial Statement Note Disclosures”, which supplement Statement No. 34. Statement No. 34 established standards for all State and Local government entities that includes a Statement of Net Assets, a Statement of Revenues and Expenses and Changes in Net Assets and a Statement of Cash Flows. It requires the classification of Net Assets into three components – Invested in Capital Assets - Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets. These classifications are defined as follows:

Invested in Capital Assets - Net of Related Debt – This component consists of land and depreciable assets, net of accumulated depreciation and net of related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Invested in Capital Assets – Net of Related Debt. Rather, that portion of the debt is included in the same Net Asset component as the unspent proceeds.

Restricted Net Assets – This component includes Net Assets subject to restrictions placed on net asset use through external constraints by creditors (such as debt covenants), grantors, contributors or laws and regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This component consists of Net Assets that do not meet the definition of Invested in Capital Assets - Net of Related Debt or Restricted Net Assets.

The adoption of Government Accounting Board Statement Nos. 34, 37 and 38 have no significant effect on the basic financial statements, except for the classification of Net Assets in accordance with Statement No. 34.

c. Significant Accounting Policies are as Follows:

- 1- Cash and Cash Equivalents are stated at cost, which approximates market. Cash and Cash Equivalents include cash in banks, petty cash, 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- Furniture and equipment is recorded at cost and depreciation is computed on the straight line basis.
- 4- The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.
- 5- Operating subsidies received from HUD are recorded as income when earned.
- 6- The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 7- Prepaid Expenses, if any, represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 8- The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.
- 9- The Authority has elected not to apply to its proprietary activities Financial Accounting Board Statements and Interpretations, Accounting Principle Board Opinions and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.
- 10- The Authority does not have any infrastructure assets for its Propriety Fund.

11- Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or the fair value, less the cost to sell. As of December 31, 2011, the Authority has not recognized any reduction in the carrying value of its Capital Assets when considering SFAS 144.

12- The Authority's Capitalization Policy provides for capital purchases with a value of \$500 or more to be capitalized.

d. Budgetary Policy and Control – The Authority submits its annual operating and budget to DCA in accordance with New Jersey Statute. After DCA approves the budget, it is formally adopted by resolution by the 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. The budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the State of New Jersey (GUDPA), which requires the institutions to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

Cash and Cash Equivalents at December 31, 2011 and December 31, 2010, consisted of the following:

<u>Cash and Cash Equivalents</u>	<u>12/31/11</u>	<u>12/31/10</u>
Checking Accounts	\$ 331,612	\$ 299,421
Trust Funds	55,847	55,290
Certificate of Deposit	122,083	121,775
Petty Cash	50	50
Totals	\$ 509,592	\$ 476,536

The carrying amount of the Authority's Cash and Cash Equivalents as of December 31, 2011 was \$509,592 and the bank balances were \$509,592. Of the bank balances, \$500,000 was covered by FDIC insurance and \$9,542 was covered by a collateral pool maintained by the banks as required by GUDPA. Cash and Cash Equivalents, except Petty Cash, are held in the Authority's name. The Authority's Cash and Cash Equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority. As described above, the \$9,542 of the Authority's deposits exceed FDIC insurance and are covered under GUDPA, which collateralizes securities held by the pledging institutions trust department, but are not in the Authority's name.

NOTE 3 – Accounts Receivable – Net

Accounts Receivable – Net at December 31, 2011 and December 31, 2010, consisted of the following:

	<u>12/31/11</u>	<u>12/31/10</u>
Accounts Receivable - Employee Theft (1	\$ 78,939	\$ 79,139
Allowance for Doubtful Accounts	(13,400)	(13,400)
Accounts Receivable - Fraud Recovery	5,324	8,459
Allowance for Doubtful Accounts - Fraud	(5,324)	(8,459)
Accrued Interest Receivable	76	76
	<u> </u>	<u> </u>
Totals	<u>\$ 65,615</u>	<u>\$ 65,815</u>

(1 Two former Housing Choice Voucher program employees were indicted and convicted on charges of official misconduct and theft by unlawful taking of funds from the Authority. A court order is in place and several small repayments were received this fiscal year. Management expects a full recovery for the funds taken and believes the allowance for doubtful accounts appears reasonable and proper.

NOTE 4 – Capital Assets – Net

Capital Assets – Net consists primarily of land, furniture and equipment, less accumulated depreciation. The following is a summary of the changes in Capital Assets – Net for the year ended December 31, 2011:

	Balance at 12/31/10	Additions	Transfers/ Deletions	Balance at 12/31/11
<u>Capital Assets Not Being Depreciated</u>				
Land (1	\$ 1,061,385	\$ -	\$ -	\$ 1,061,385
<u>Capital Assets Being Depreciated</u>				
Furniture and Equipment	31,988	-	-	31,988
Sub-Total	1,093,373	-	-	1,093,373
Less: Accumulated Depreciation	(30,675)	(1,313)	-	(31,988)
Totals	\$ 1,062,698	\$ (1,313)	\$ -	\$ 1,061,385

(1 Consists of approximately 12 +/- acres known as the Crosswoods Property, purchased through the Housing Trust Fund from the Township of Old Bridge in 2009. The site was planned to be used as a 200-unit senior citizen rental complex. The Authority is seeking funding to finalize the project.

NOTE 5 – Mortgage Receivable

On December 8, 2003, the Authority advanced \$800,000 to the Old Bridge Housing Urban Renewal Partnership, LP for the construction of an affordable elderly development. The loan is non-interest bearing, secured by a third mortgage on the premises, known as Maher Manor, and is due thirty 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 6 – Accounts Payable

Accounts Payable of \$4,722 and \$1,135 respectively, at December 31, 2011 and December 31, 2010, consisted of amounts due to vendors.

NOTE 7 – Accrued Liabilities

Accrued Liabilities at December 31, 2011 and December 31, 2010, consisted of the following:

	<u>12/31/11</u>	<u>12/31/10</u>
Accrued Wages - Payroll Taxes	\$ 1,649	\$ 1,581
Accrued Compensated Absences - Current	<u>571</u>	<u>571</u>
Totals	<u>\$ 2,220</u>	<u>\$ 2,152</u>

NOTE 8 – Restricted Net Assets – Housing Choice Voucher Program (HAP)

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 2007-03, 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 2007, HUD amended this notice and stated that the HAP equity account is restricted. The Authority followed HUD's direction and transferred the excess funds from Unrestricted Net Assets to Restricted Net Assets. Each fiscal year, the Authority recalculates the Restricted Net Assets based on current year activity and adjusts the Restricted Net Assets accordingly.

The Authority's Restricted Net Assets at December 31, 2011 and December 31, 2010, were \$385,868 and \$335,582, respectively.

NOTE 9 – Pension Plan

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provisions of NJ SA 43-15A to provide coverage, including post-retirement health care, for substantially

all full time employees of the State, its Counties, Municipalities, School Districts or Public Agencies, provided the employee is not a member of another State administered retirement system. Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority. The Authority's contributions to the system were \$4,365 and \$3,816 for the years ended December 31, 2011 and December 31, 2010, respectively.

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

NOTE 10 – Postemployment Benefits Other Than Pension

In September 2004, 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) is earned by employees and should be recognized by the employer as the employee provides services. GASB No. 45 requires employers to account for and report the annual cost for OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for the pensions.

Accounting for OPEB under GASB No. 45 will result in the Authority reporting an actuarially based liability for benefits. The Authority reviewed GASB No. 45 requirements and determined it does not have any retirees to account for and only one employee that does not qualify for retirement at the present time. Accordingly, no liability has been recorded on the Authority's books.

NOTE 11 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damages to and destruction of assets, errors and omissions and natural disasters for which the Authority carries commercial insurance. During the Year Ended December 31, 2011, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Liabilities are reported when it is

probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

NOTE 12 – Contingencies

Subsidies received from HUD are subject to audit. Any disallowed costs may constitute a liability of the Authority. The amount of the expenditures, if any, which may be disallowed by HUD cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE 13 – Economic Dependency

For the Year Ended December 31, 2011, a substantial portion of the Authority's revenues were received from HUD, which are subject to availability of funds and Congressional approval, as well as, the Authority's compliance with Federal rules and regulations.

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
111 Cash - Unrestricted	\$67,877	\$55,847	\$123,724	\$123,724
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$385,868		\$385,868	\$385,868
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$453,745	\$55,847	\$509,592	\$509,592
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$78,939		\$78,939	\$78,939
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	\$5,324		\$5,324	\$5,324
128.1 Allowance for Doubtful Accounts - Fraud	-\$5,324		-\$5,324	-\$5,324
129 Accrued Interest Receivable	\$76		\$76	\$76
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$65,615	\$0	\$65,615	\$65,615
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets				
143 Inventories				

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$519,360	\$55,847	\$575,207	\$575,207
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	-\$31,988		-\$31,988	-\$31,988
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,061,385	\$1,061,385	\$1,061,385
171 Notes, Loans and Mortgages Receivable - Non-Current		\$800,000	\$800,000	\$800,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$0	\$1,861,385	\$1,861,385	\$1,861,385
190 Total Assets	\$519,360	\$1,917,232	\$2,436,592	\$2,436,592
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$4,722		\$4,722	\$4,722

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$1,649		\$1,649	\$1,649
322 Accrued Compensated Absences - Current Portion	\$571		\$571	\$571
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
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 Projects/Mortgage				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$6,942	\$0	\$6,942	\$6,942
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
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

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
300 Total Liabilities	\$6,942	\$0	\$6,942	\$6,942
508.1 Invested In Capital Assets, Net of Related Debt		\$1,061,385	\$1,061,385	\$1,061,385
509.2 Fund Balance Reserved				
511.2 Unreserved, Designated Fund Balance				
511.1 Restricted Net Assets	\$385,868		\$385,868	\$385,868
512.1 Unrestricted Net Assets	\$126,550	\$855,847	\$982,397	\$982,397
512.2 Unreserved, Undesignated Fund Balance				
513 Total Equity/Net Assets	\$512,418	\$1,917,232	\$2,429,650	\$2,429,650
600 Total Liabilities and Equity/Net Assets	\$519,360	\$1,917,232	\$2,436,592	\$2,436,592

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	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	\$1,741,769		\$1,741,769	\$1,741,769
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	\$1,135	\$557	\$1,692	\$1,692
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$7,328		\$7,328	\$7,328
71500 Other Revenue	\$92,839		\$92,839	\$92,839
71600 Gain or Loss on Sale of Capital Assets	\$2,699		\$2,699	\$2,699
72000 Investment Income - Restricted	\$1,845,770	\$557	\$1,846,327	\$1,846,327
70000 Total Revenue				
91100 Administrative Salaries	\$27,586		\$27,586	\$27,586

Old Bridge Housing Authority (NJ110)
 Old Bridge, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
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	\$19,342		\$19,342	\$19,342
91600 Office Expenses	\$128,795		\$128,795	\$128,795
91700 Legal Expense	\$16,500		\$16,500	\$16,500
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$12,800		\$12,800	\$12,800
91000 Total Operating - Administrative	\$213,423	\$0	\$213,423	\$213,423
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				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				

Old Bridge Housing Authority (NJ110)

Old Bridge, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				
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	\$5,710		\$5,710	\$5,710
96100 Total Insurance Premiums	\$5,710	\$0	\$5,710	\$5,710
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
	\$14,402		\$14,402	\$14,402

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$14,402	\$0	\$14,402	\$14,402
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	\$233,535	\$0	\$233,535	\$233,535
97000 Excess of Operating Revenue over Operating Expenses	\$1,612,235	\$557	\$1,612,792	\$1,612,792
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$1,497,273		\$1,497,273	\$1,497,273
97350 HAP Portability-In	\$86,318		\$86,318	\$86,318
97400 Depreciation Expense	\$1,313		\$1,313	\$1,313
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,818,439	\$0	\$1,818,439	\$1,818,439
10010 Operating Transfer In				
10020 Operating transfer Out				

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
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	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)				
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$27,331	\$557	\$27,888	\$27,888
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$485,087	\$1,916,675	\$2,401,762	\$2,401,762
11040 Prior Period Adjustments, Equity Transfers and Correction of				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity	\$126,550		\$126,550	\$126,550
11180 Housing Assistance Payments Equity	\$385,868		\$385,868	\$385,868
11190 Unit Months Available	2448		2448	2448

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2011

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
11210 Number of Unit Months Leased	2382		2382	2382
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				

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY AND REDEVELOPMENT AGENCY
Old Bridge, New Jersey

SCHEDULE OF FEDERAL AWARDS AND EXPENDITURES
Twelve Months Ended December 31, 2011

<u>Federal Grants/Program Title</u>	<u>Awards/ Expenditures</u>
<u>Department of HUD</u> (Direct Program)	
<u>Section 8 HAP Program</u>	
<u>Housing Choice Voucher Program</u> (CFDA No. - 14.871)	
Rental Assistance Payments and Expenditures	<u>\$ 1,741,769</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS AND EXPENDITURES

1 - **BASIS OF PRESENTATION** - The above Schedule of Federal Awards and Expenditures is in accordance with accounting principles, generally accepted in the United States of America and is presented in accordance with the 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 the amounts presented in, or used in the preparation of the accompanying financial statements.

2 - **SUB-RECIPIENTS** - There were no sub-recipient activities during the audit period.

WILLIAM B. O'NEILL

Certified Public Accountant
780 Cedar Glen Road
Elkins Park, PA 19027
woncpa@comcast.net
215-266-6890

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS ISSUED BY THE
COMPTROLLER GENERAL OF THE UNITED STATES**

Board of Commissioners
Old Bridge Township Housing Authority
and Redevelopment Agency
Old Bridge, New Jersey

I have audited the financial statements of the Authority as of and for the year ended December 31, 2011 and have issued my Report dated July 31, 2012. I conducted my 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 my audit, I considered the Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies or material weaknesses have been identified.

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

statements will not be prevented or detected and corrected on a timely basis. I noted no matters involving the internal control over financial reporting that I consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of law, regulations, contracts, grant agreements and other matters, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards, issued by the Comptroller General of the United States.

This Report is intended solely for the information and use of Management, the Board of Commissioners, others within the Authority, HUD and DCA and is not intended to be and should not be used by anyone other than these specified parties.



WILLIAM B. O'NEILL
Certified Public Accountant

July 31, 2012

WILLIAM B. O'NEILL

**Certified Public Accountant
780 Cedar Glen Road
Elkins Park, PA 19027
woncpa@comcast.net
215-266-6890**

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

**Board of Commissioners
Old Bridge Township Housing Authority
and Redevelopment Agency
Old Bridge, New Jersey**

Compliance

I have audited the Authority's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major programs for the year ended December 31, 2011. The Authority's major programs are identified in the summary of auditor's results section of the accompanied Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major Federal programs is the responsibility of the Authority's management. My responsibility is to express an opinion on the Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards, generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurances about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Authority's compliance with those requirements.

In my opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

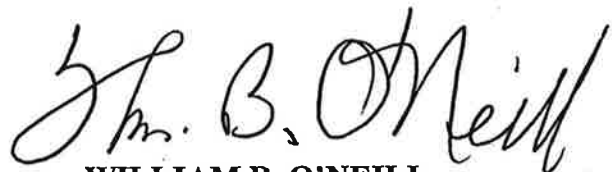
The Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to Federal programs. In planning and performing my audit, I considered the Authority's compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in the Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned duties, to prevent or detect noncompliance with the type of compliance requirements of a Federal program on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the Authority's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with the type of compliance requirements of a Federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program would not be prevented or detected by the Authority's internal control.

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

This Report is intended solely for the information and use of Management, the Board of Commissioners, others within the Authority, HUD and DCA and is not intended to be and should not be used by anyone other than these specified parties.



WILLIAM B. O'NEILL
Certified Public Accountant

July 31, 2012

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
AND REDEVELOPMENT AGENCY
Old Bridge, New Jersey**

STATUS OF PRIOR AUDIT FINDINGS

The prior Report on Audit did not contain any Audit Findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report Issued:

Unqualified

Internal Control over Financial Reporting:

Material Weakness (es) Identified?

___ yes **X** no

Reportable Condition (s) Identified not

none

Considered to be Material Weaknesses?

___ yes **X** reported

Noncompliance Material to Financial Statements Noted?

___ yes **X** no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified?

___ yes **X** no

Reportable Condition (s) Identified that are not

none

Considered to be Material Weakness (es)

___ yes **X** reported

Type of Audit Report Issued on Compliance for
Major Programs:

Unqualified

Any Audit Findings Disclosed that are Required to be
Reported in Accordance with Circular A-133,
Section 510(A)?

___ yes **X** no

Identification of Major Programs:

CFDA

Number _____ **Name of Federal Program or Cluster** _____

14.871 Housing Choice Voucher Program

**Dollar Threshold to Distinguish Between
Type A and Type B programs:**

\$300,000

Auditee Qualified as Low Risk Auditee

yes **no**

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None