

Report On Audit

**OLD BRIDGE TOWNSHIP
HOUSING AUTHORITY**

**For the Year Ended
December 31, 2013**

Old Bridge Township Housing Authority
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Old Bridge Township Housing Authority (a nonprofit corporation) in Old Bridge, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of December 31, 2013 and 2012, and the related statement of revenue, expenses and changes in net position, statement of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Old Bridge Township Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Old Bridge Township Housing Authority's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Old Bridge Township Housing Authority as of December 31, 2013 and 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year's then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 14 and page 36 presented to supplement the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued reports dated August 6, 2014 on our consideration of Old Bridge Township Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: August 6, 2014

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

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 15 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

Net position of the Authority's enterprise fund was \$2,031,030 greater than the liabilities, a decrease in the financial position of \$117,794 or 5% percent.

As noted above, the net position of the Authority exceeded its liabilities by \$2,031,030 as of December 31, 2013. Of this amount, the unrestricted position is \$60,421 representing a decrease of \$903,683 or 94% percent from the previous year. The net investment in capital assets had no change keeping the same balance as the prior year in the amount of \$1,061,385. The restricted position increased \$785,889 from the previous year for an ending balance of \$909,224. Additional information on the Authority's restricted and unrestricted net positions can be found in Note 12 & Note 13 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at December 31, 2013 is \$544 representing a decrease of \$102,571 or 99% percent from the prior year. Total restricted cash decreased \$14,111 or 11% percent for an ending balance of \$109,224. The full detail of these amounts can be found in the Statement of Cash Flow on pages 17 of this report.

The Authority's total assets are \$2,035,782 of which capital assets net book value is \$1,061,385, other assets is stated at \$800,000, leaving total current assets at \$174,397. Total current assets decreased from the previous year by \$117,172 or 40% percent. Unrestricted cash and cash equivalents decreased by \$102,571, restricted cash and cash equivalents decreased \$14,111, and accounts receivables decreased by \$490.

The Authority's total liabilities are reported at \$4,752. Total liabilities increased during the year as compared to the prior year in the amount of \$622 or 15% percent. Accounts payables increased by \$357, and accrued liabilities increased by \$265

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority had total operating revenue of \$1,699,322 as compared to \$1,508,835 from the prior year for an increase of \$190,487 or 13% percent. The Authority had total operating expenses of \$1,817,434 as compared to \$1,790,835 from the previous year for an increase of \$26,599 or 1% percent, resulting in a deficiency of revenue from operations in the amount of \$118,112 for the current year as compared to an excess of expenses over revenue from operations in the amount of \$282,000 for a decrease in deficit of \$163,888 or 58% percent from the previous year.

The Authority had no capital additions for the fiscal year ending December 31, 2013. 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 \$1,567,223 for the calendar year 2013 as compared to \$1,392,668 for the previous calendar year 2012 for an increase of \$174,555 or 13% 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 program:

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

This discussion and analysis are intended to serves as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flow
- 4) Notes to the Financial Statements

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

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. The Authority's 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 15 through 17.

Statement of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

Statement of Cash Flow– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable, etc.).

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 18 through 34.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

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.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.

- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A- 133 establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Old Bridge Township Housing Authority are those which equal or exceeded \$300,000 in expenditures for the fiscal year ended December 31, 2013. Type B programs for the Old Bridge Township Housing Authority are those which are less than \$300,000 in expenditures for the fiscal year ended December 31, 2013.

The budget comparison of actual results to the Authority's adopted budget for the Section Eight Housing Choice Voucher Program on page 36.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between December 31, 2013 and December 31, 2012:

	<u>Year Ended</u>		Increase
	December-13	December-12	(Decrease)
Cash	\$ 109,768	\$ 226,450	\$ (116,682)
Other Current Assets	64,629	65,119	(490)
Capital Assets - Net	1,061,385	1,061,385	-
Other Assets	800,000	800,000	-
Total Assets	2,035,782	2,152,954	(117,172)
Less: Current Liabilities	(4,752)	(4,130)	(622)
Net Position	<u>\$ 2,031,030</u>	<u>\$ 2,148,824</u>	<u>\$ (117,794)</u>
Net Investment in Capital Assets	\$ 1,061,385	\$ 1,061,385	\$ -
Restricted Net Position	909,224	123,335	785,889
Unrestricted Net Position	60,421	964,104	(903,683)
Net Position	<u>\$ 2,031,030</u>	<u>\$ 2,148,824</u>	<u>\$ (117,794)</u>

Cash decreased by \$116,682 or 52% percent. Net cash used by operating activities was \$117,000, and net cash provided by investing activities was \$318. The full detail of this amount can be found in the Statement of Cash Flow on page 17 of this audit report.

Accounts receivable decreased \$490.

Capital assets reported no change from the prior year. A full detail of the capital assets account can be found in the Notes to the Financial Statements section Note – 7 Fixed Assets.

Total current liabilities increased from the previous year by \$622 or 15% percent. The increase was due to increases in accrued liabilities and accounts payable vendors.

The Authority's reported net position of \$2,031,030 is made up of three categories. The net investment in capital assets in the amount of \$1,061,385 represents 52% percent of the total account balance. The net 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. There was no activity in this account for the fiscal year ended December 31, 2013. The balance remained the same from the prior year.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The second largest portion of the Authority's net position reflects its restricted position in the amount of \$909,224 followed by unrestricted position in the amount of \$60,421.

The Old Bridge Township Housing Authority operating results for December 31, 2013 reported a decrease in unrestricted position of \$903,683 or 94% percent for an ending balance of \$60,421. The Authority reported restricted position in the amount of \$909,224 which increased \$785,889 or 637% percent compared to the prior fiscal year. A full detail of these accounts can be found in the Notes to the Financial Statements section Notes – 12 & 13.

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

The following summarizes the changes in Net Position between December 31, 2013 and December 31, 2012:

	<u>Year Ended</u>		Increase
	December-13	December-12	(Decrease)
<u>Revenues</u>			
HUD Subsidies	\$ 1,567,223	\$ 1,392,668	\$ 174,555
Fraud Recovery	5,064	5,639	(575)
Other Revenues	127,035	110,528	16,507
Total Operating Income	<u>1,699,322</u>	<u>1,508,835</u>	<u>190,487</u>
<u>Expenses</u>			
Operating Expenses	<u>1,817,434</u>	<u>1,790,835</u>	<u>26,599</u>
Total Operating Expenses	<u>1,817,434</u>	<u>1,790,835</u>	<u>26,599</u>
Operating Deficit before Non Operating Income	(118,112)	(282,000)	163,888
Interest Income	<u>318</u>	<u>1,174</u>	<u>(856)</u>
Change in Net Position	(117,794)	(280,826)	163,032
Net Position Prior Year	<u>2,148,824</u>	<u>2,429,650</u>	<u>(280,826)</u>
Total Net Position	<u>\$ 2,031,030</u>	<u>\$ 2,148,824</u>	<u>\$ (117,794)</u>

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Approximately 92% percent of the Authority's total revenue was provided by HUD operating subsidy, while 8% percent resulted from other sources. The Authority experienced an increase in HUD subsidies from the prior year in the amount of \$174,555 or 13% percent.

The Authority operating expenses cover a range of expenses. The largest expense was for Housing Assistance Payments representing 88% percent of total operating expenses. Administrative expenses accounted for 11% percent, other operating expenses accounted for the remaining 1% of the total operating expenses.

The Authority operating expenses exceeded its operating revenue resulting in a deficiency of revenue from operations in the amount of \$118,112 from operations as compared to excess expenses from operations of \$282,000 for the previous year. The key elements for the decrease in expenses over revenue in comparison to the prior year are as follow:

- The Authority reported an increase in Housing Choice Voucher grants provided by HUD in the amount of \$174,555 or 13% percent and other revenues increased \$16,507 or 15% percent.
- The Authority's administrative expenses experienced a decrease in the amount of \$3,959 or 2% percent.
- The Authority experienced a decrease in insurance premiums in the amount of \$1,045 or 14%.
- Housing assistance payments increased in the amount of \$32,133 or 2% percent.

Total net cash used by operating activities during the year was \$117,000. A full detail of this amount can be found on the Statement of Cash Flow on page 17 of this report.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following are financial highlights of significant items for a four year period of time ending on December 31, 2013.

	December-13	December-12	December-11	December-10
Significant Income				
HUD Operating Grants	\$ 1,567,223	\$ 1,392,668	\$ 1,741,769	\$ 1,809,837
Fraud Recovery	5,064	5,639	7,328	11,060
Investment Income	318	1,174	4,391	4,763
Other Income	127,035	110,528	92,839	104,788
Total	\$ 1,699,640	\$ 1,510,009	\$ 1,846,327	\$ 1,930,448
Payroll Expense				
Administrative Salaries	\$ 29,436	\$ 27,968	\$ 27,586	\$ 27,679
Employee Benefits Expense	15,667	15,554	19,342	15,522
Total Payroll Expense	\$ 45,103	\$ 43,522	\$ 46,928	\$ 43,201
Other Significant Expenses				
Other Administrative Expenses	\$ 155,083	\$ 160,623	\$ 166,495	\$ 163,673
Other General Expenses	23,442	25,017	20,112	24,898
Housing Assistance Payments	1,593,806	1,561,673	1,583,591	1,624,715
Total	\$ 1,772,331	\$ 1,747,313	\$ 1,770,198	\$ 1,813,286
Total Operating Expenses	\$ 1,817,434	\$ 1,790,835	\$ 1,818,439	\$ 1,856,487
Total of Federal Awards	\$ 1,567,223	\$ 1,392,668	\$ 1,741,769	\$ 1,809,837

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of rents and 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 revenues were not sufficient to cover all expenses excluding depreciation expense.

The Authority's unrestricted net position appears sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

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.).

BUDGETARY HIGHLIGHTS

For the year ended December 31, 2013, individual program or grant budgets were prepared by the Authority 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.

The budget for the Housing Choice Voucher Program was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The Housing Choice Voucher program Housing Assistance Payments (HAP) funds were approved by the U.S. Department of Housing and Urban Development (HUD) on a basis consistent with the grant application covering HAP programs. The full detail can be found in the Budget comparison to actual results for the Housing Choice Voucher Program on page 36 of this report.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2013**

NEW INITIATIVES

For the year 2013 and carrying over to 2014 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 92% percent of its revenue from the Department of Housing and Urban Development, (2012 was 92% percent), the Authority are constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services. Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the Old Bridge Township all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's investment in capital assets as of December 31, 2013 is \$1,061,385 (net of accumulated depreciation). This investment in capital assets includes land, and office equipment. There was no change in the account during the fiscal year ended December 31, 2013.

	December-12	Additions	December-13
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	(31,988)	-	(31,988)
Net Book Value	\$ 1,061,385	\$ -	\$ 1,061,385

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, 2013**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Old Bridge Township 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 fiscal year ending December 31, 2014.

- 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.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.

The Authority's Unrestricted Net Position appears 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 Mark Noble, Deputy Executive Director, 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 POSITION
AS OF DECEMBER 31, 2013 AND 2012

	DECEMBER 31,	
	2013	2012
Assets		
Current Assets:		
Cash, Cash Equivalents - Unrestricted	\$ 544	\$ 103,115
Cash, Cash Equivalents - Restricted	109,224	123,335
Accounts Receivables, Net of Allowances	64,629	65,119
Total Current Assets	174,397	291,569
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	(31,988)	(31,988)
Net Book Value	1,061,385	1,061,385
Other Assets		
Mortgage Receivable	800,000	800,000
Total Noncurrent Assets	1,861,385	1,861,385
Total Assets	2,035,782	2,152,954
Deferred Outflow of Resources		
Total Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflow of Resources	\$ 2,035,782	\$ 2,152,954
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 1,653	\$ 1,296
Accrued Liabilities	3,099	2,834
Total Current Liabilities	4,752	4,130
Deferred Inflow of Resources		
Total Deferred Inflow of Resources	-	-
Net Position:		
Net Investment in Capital Assets	1,061,385	1,061,385
Restricted	909,224	123,335
Unrestricted	60,421	964,104
Total Net Position	2,031,030	2,148,824
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 2,035,782	\$ 2,152,954

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013 AND 2012

	DECEMBER 31,	
	2013	2012
Revenue:		
HUD PHA Operating Grants	\$ 1,567,223	\$ 1,392,668
Fraud Recovery	5,064	5,639
Other Revenue	127,035	110,528
Total Revenue	1,699,322	1,508,835
Operating Expenses:		
Administration:		
Administrative Salaries	29,436	27,968
Audit Fee's	5,440	4,995
Employee Benefit Contributions	15,667	15,554
Other Administrative Expenses	149,643	155,628
Total Administrative Expenses	200,186	204,145
Other Operating Expenses:		
General Expenses	16,783	17,313
Insurance Premiums	6,659	7,704
Housing Assistance Payments	1,593,806	1,561,673
Depreciations Expense	-	-
Total Other Operating Expenses	1,617,248	1,586,690
Total Operating Expenses	1,817,434	1,790,835
Excess Expenses Over Revenue From Operations	(118,112)	(282,000)
Non Operating Income:		
Investment Income	318	1,174
Total Non Operating Income	318	1,174
Change in Net Position	(117,794)	(280,826)
Beginning Net Position	2,148,824	2,429,650
Ending Net Position	\$ 2,031,030	\$ 2,148,824

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF CASH FLOW
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013 AND 2012

	DECEMBER 31,	
	2013	2012
Cash Flow From Operating Activities		
Receipts from Federal Grants	\$ 1,567,223	\$ 1,392,668
Receipts from Fraud Recovery	5,064	5,639
Receipts from Other Sources	127,035	110,528
Payments to Vendors and Suppliers	(177,413)	(187,956)
Payments for Housing Assistance Payments	(1,593,806)	(1,561,673)
Payments to Employees	(29,436)	(27,968)
Payment of Employee Benefits	(15,667)	(15,554)
Net Cash (Used) by Operating Activities	(117,000)	(284,316)
Cash Flow From Investing Activities		
Interest Income	318	1,174
Net Cash Provided by Investing Activities	318	1,174
Net (Decrease) in Cash and Cash Equivalents	(116,682)	(283,142)
Beginning Cash	226,450	509,592
Ending Cash	\$ 109,768	\$ 226,450
<u>Reconciliation of Cash Balances:</u>		
Cash and Cash Equivalents - Unrestricted	\$ 544	\$ 103,115
HCV HAP Reserves	53,092	123,335
State/Local program Restricted Cash	56,132	-
Total Ending Cash	\$ 109,768	\$ 226,450
Reconciliation of Operating Income to Net Cash		
(Used) by Operating Activities		
Excess of Expenses Over Revenue	\$ (118,112)	\$ (282,000)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
(Increase) Decrease in:		
Accounts Receivables	490	496
Increase (Decrease) in:		
Accounts Payable	357	(3,426)
Accrued Liabilities	265	614
Net Cash (Used) by Operating Activities	\$ (117,000)	\$ (284,316)

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2013

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 Old Bridge Township 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.

Operating grant is provided to the Authority by the federal government.

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 Mayor of Old Bridge and Township Council, 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 Old Bridge Township 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 calendar 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, 2013

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. 63 of the Government Accounting Standards Board (“GASB 63”) *Financial Reporting of deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position* was issued in June 2012. This Statement results in a change in the presentation of the Authority’s Statement of Net Assets to what is now referred to as the Statements of Net Position and the term “net assets” is changed to “net position” throughout the financial statements.

Statement No. 65 of the Government Accounting Standards Board (“GASB 65”) *Items Previously Reported as Assets and Liabilities* was issued in March 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2013

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 positions, 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.

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 2007, 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. 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.

Financial transactions are recorded and organized in accordance with the purpose of the transaction. Each program is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2013

Basis of Accounting – Continued

All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements. Because the Authority's activity is considered self-financing and does not rely on specific taxes or fines (i.e. property taxes, sales and use tax etc.) no activity will be maintained as governmental funds but will be recorded as proprietary funds under the Enterprise Fund.

In enterprise funds, activity is recorded using the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Report Presentation -

The Authority's basic financial statements are presented on an entity-wide basis consisting of various housing programs. 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.

Also the Authority adopted the provisions of Statement No. 37 "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" Statement No.38 "Certain Financial Statement Note Disclosures", and Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" 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. 63 requires the classification of "net assets" into "net position" which consists of three components, Net Investment in Capital Assets, Restricted, and Unrestricted.

The adoptions of Statement No. 34, Statement No. 37, Statement No. 38, and Statement No. 63 have no significant effect on the financial statements except, for the classification of net position in accordance with Statement No. 63.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2013

Report Presentation - Continued

Net Investment in Capital Assets.

The net position 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.

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

Unrestricted.

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

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.

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 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

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

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2013

Other accounting policies – Continued

8 - 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.

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

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.

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

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2013

Other accounting policies – Continued

14- Fair Value Measurements – Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Generally accepted accounting principles defined a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets that are observable either directly or indirectly; and
- Level 3: Unobservable inputs for which there is little or no market data, which requires the Authority to develop assumptions.

The carrying amounts reported for cash and short-term investments approximate fair value.

Budgetary and Policy Control –

The Authority submits its annual operating 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.

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.

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

Program	CFDA #	Project #	Units Authorized
<hr/>			
<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.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2013

Taxes - Under federal, state, and local law, the Authority's program are exempt from income, property and excise taxes.

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.

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.

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.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2013

NOTE 3 - PENSION PLAN

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

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.

On the web:

<http://www.state.nj.us/treasury/pensions/pdf/financial/2013divisioncombined.pdf>

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 6.64% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2013 and 2012 amounted to \$3,093 and \$2,984.

Post Employment Retirement Benefits

The Authority provides post employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2013

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.

The book balances at December 31, 2013 and 2012 for unrestricted cash were \$544 and \$103,115, and restricted cash of \$109,224 and \$123,335 as discussed below:

	<u>December-13</u>	<u>December-12</u>
Amboy National Bank - Trust Funds	\$ 56,132	\$ 56,039
Amboy National Bank - CD's	-	122,392
Amboy National Bank - Checking Accounts	53,586	47,969
Petty Cash	50	50
Total Cash and Cash Equivalents	<u>\$ 109,768</u>	<u>\$ 226,450</u>

The Authority has restricted cash in the amount of \$53,092 as of December 31, 2013 and \$123,335 as of 2012 which is for the Section 8 Housing Choice Voucher Program HAP Reserve. The Authority has these funds in accounts with Amboy National Bank. In accordance with HUD's PIH Notice 2007-03, started 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 reserve fund balance and may only be used to assist additional families up to the number of units under contract.

The Authority as of December 31, 2013 also had restricted cash in the amount \$56,132 which is restricted for the housing trust fund that the Authority administers.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2013

NOTE 4 - CASH, CASH EQUIVALENTS - CONTINUED

Risk Disclosures

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2013, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

Credit Risk

This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2013 and 2012 consisted of the following:

	<u>December-13</u>	<u>December-12</u>
Accounts Receivable - Employee Theft	\$ 76,848	\$ 78,441
Less: Allowance for Doubtful Accounts	(12,219)	(13,400)
Net Accounts Receivable - Employee Theft	<u>64,629</u>	<u>65,041</u>
Fraud Recovery	5,244	5,244
Less Allowance for Fraud Recovery	(5,244)	(5,244)
Net Fraud Recovery	<u>-</u>	<u>-</u>
Accrued Interest Receivable	<u>-</u>	<u>78</u>
Accounts Receivable - Net of Allowances	<u>\$ 64,629</u>	<u>\$ 65,119</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 off's, 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 individual do not exhibit the ability to meet their obligations.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2013

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. The amounts between the various programs administered by the Authority at December 31, 2013 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

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 \$1,000 are expensed when incurred.

The Old Bridge Township Housing Authority has given consideration to the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, (SFAS No. 144) in the preparation of these financial statements. The carrying value of long-live assets in accordance with SFAS No. 144, 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 has not recognized any impairment in the carry value of its fixed assets at December 31, 2013.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2013

NOTE 7 - FIXED ASSETS - CONTINUED

Below is a schedule of changes in fixed assets for the twelve months ending December 31, 2013 and 2012:

	December-12	Additions	December-13
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	(31,988)	-	(31,988)
Net Book Value	\$ 1,061,385	\$ -	\$ 1,061,385

	December-11	Additions	December-12
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	(31,988)	-	(31,988)
Net Book Value	\$ 1,061,385	\$ -	\$ 1,061,385

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 statement of net position as of December 31, 2013 and 2012. 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, 2013 and 2012 in the amount of \$1,653 and \$1,296, respectively, consisted of open vendor invoices.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2013

NOTE 10 – ACCRUED EXPENSES

The Authority reported accrued expenses on its statement of net position. Accrued expenses are liabilities covering expenses incurred on or before December 31, and are payable at some future date. Accrued expenses as of December 31, 2013 and 2012 consisted of the following:

	<u>December-13</u>	<u>December-12</u>
Accrued Wages/Payroll Taxes	\$ 1,934	\$ 1,669
Accrued Compensated Absences - Current	1,165	1,165
Total Accrued Expenses	<u>\$ 3,099</u>	<u>\$ 2,834</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 \$1,165 for December 31, 2013 and \$1,165 for 2012.

NOTE 12 – RESTRICTED

The Authority's restricted net position account balance at December 31, 2013 is \$909,224. The details of the restricted reserve account balances are as follows:

	Trust Fund	HCV	Total
	Reserves	Reserves	
Balance December 31, 2011	\$ -	\$ 385,868	\$ 385,868
(Decrease) During the Year	-	(262,533)	(262,533)
Balance December 31, 2012	-	123,335	123,335
Increase / (Decrease) During the Year	856,132	(70,243)	785,889
Balance December 31, 2013	<u>\$ 856,132</u>	<u>\$ 53,092</u>	<u>\$ 909,224</u>

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2013

NOTE 12 – RESTRICTED - CONTINUED

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 calendar 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 2007, 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 13 – UNRESTRICTED

The Authority’s unrestricted net position account balance at December 31, 2013 is \$60,421. The detail of the account balance is as follows:

	Trust Fund Reserves	HCV Reserves	Total
Balance December 31, 2011	\$ 855,847	\$ 126,550	\$ 982,397
(Decrease) During the Year	192	(18,485)	(18,293)
Balance December 31, 2012	856,039	108,065	964,104
Increase / (Decrease) During the Year	(856,039)	(47,644)	(903,683)
Balance December 31, 2013	\$ -	\$ 60,421	\$ 60,421

The Authority had \$60,421 pre-2004 administrative reserves to report for December 31, 2013 and \$108,065 for December 31, 2012.

NOTE 14 – 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, 2013, 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, worker’s compensation, and public-officials errors omissions.

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.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2013

NOTE 14 – RISK MANAGEMENT - CONTINUED

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, 2013 the Authority paid \$7,160 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 15 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to 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 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. HUD contributions for the Housing Choice Voucher for December 31, 2013 and 2012 were \$1,567,223 and \$1,392,668 respectively.

NOTE 16 - 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.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2013

NOTE 16 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS - CONTINUED

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% percent of the audited entity's revenues. Total financial support by HUD was \$1,567,223 to the Authority which represents approximately 92% percent of the Authority's total revenue for the fiscal year December 31, 2013 and \$1,392,668 which represents approximately 92% percent for 2012.

Total financial support by HUD for the year ending at December 31, 2013 and 2012 was \$1,567,223 and \$1,392,668, respectively:

		December 31,	
	CFDA #'s	2013	2012
		<u>Expenditures</u>	<u>Expenditures</u>
<u>Rental Assistance Housing Programs</u>			
Housing Choice Vouchers	14.871	\$ 1,567,223	\$ 1,392,668
		<u>\$ 1,567,223</u>	<u>\$ 1,392,668</u>
Total Awards			

NOTE 17 - CONTINGENCIES

Litigation – At December 31, 2013, the Authority is not involved in any 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.

NOTE 18 - SUBSEQUENT EVENTS

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru August 6, 2014; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

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

	CFDA#	Expenditures
<u>Rental Assistance Housing Programs</u>		
Housing Choice Vouchers	14.871	\$ 1,567,223
Total Awards		\$ 1,567,223

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of 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. Because the Schedule presents only a selected portion of the operations of Old Bridge Township Housing Authority, it is not intended to and does not present the financial position, change in net position, or cash flow of Old Bridge Township Housing Authority.

Note 2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowed or limited as to reimbursement.

Note 3. Loans Outstanding:

The Old Bridge Township Housing Authority had no loans outstanding at December 31, 2013.

Note 4. 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, 2013**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
Revenue - Annual Contribution Required			
Housing Assistance Payments	\$ 1,401,378	\$ 1,496,119	\$ (94,741)
Ongoing Administrative Fees Earned	165,845	213,116	(47,271)
Fraud Recovery	5,064	-	5,064
Other Income	127,035	11,000	116,035
Total Revenue	<u>1,699,322</u>	<u>1,720,235</u>	<u>(20,913)</u>
Operating Expenses:			
Administration:			
Administrative Salaries	29,436	29,800	364
Audit Fee's	5,440	5,000	(440)
Employee Benefit Contributions	15,667	15,500	(167)
Other Operating Administrative Expenses	149,643	159,200	9,557
Total Administrative Expenses	<u>200,186</u>	<u>209,500</u>	<u>9,314</u>
Other Operating Expenses:			
Other General Expenses	16,783	15,000	(1,783)
Insurance	6,659	8,000	1,341
Housing Assistance Payments	1,593,806	1,496,119	(97,687)
Total Other Operating Expenses	<u>1,617,248</u>	<u>1,519,119</u>	<u>(98,129)</u>
Total Operating Expenses	<u>1,817,434</u>	<u>1,728,619</u>	<u>(88,815)</u>
Excess Expenses Over Revenue From Operations	<u>(118,112)</u>	<u>(8,384)</u>	<u>(109,728)</u>
Other Income and (Expenses):			
Investment Income	225	700	(475)
Transfer In from Restricted	70,243	-	70,243
Total Other Income and (Expenses)	<u>70,468</u>	<u>700</u>	<u>69,768</u>
Excess Expenses Over Revenue	<u>\$ (47,644)</u>	<u>\$ (7,684)</u>	<u>\$ (39,960)</u>

See accompanying notes to the financial statements.

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

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
111 Cash - Unrestricted	\$544		\$544	\$544
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$53,092	\$56,132	\$109,224	\$109,224
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$53,636	\$56,132	\$109,768	\$109,768
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$82,092		\$82,092	\$82,092
128.1 Allowance for Doubtful Accounts - Fraud	-\$17,463		-\$17,463	-\$17,463
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$64,629	\$0	\$64,629	\$64,629
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	\$118,265	\$56,132	\$174,397	\$174,397
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	\$118,265	\$1,917,517	\$2,035,782	\$2,035,782
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$118,265	\$1,917,517	\$2,035,782	\$2,035,782
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$1,653		\$1,653	\$1,653
313 Accounts Payable >90 Days Past Due				

See accompanying notes to the financial statements

Old Bridge Housing Authority (NJ110)

Old Bridge, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
321 Accrued Wage/Payroll Taxes Payable	\$1,934		\$1,934	\$1,934
322 Accrued Compensated Absences - Current Portion	\$1,165		\$1,165	\$1,165
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 Unearned Revenue				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
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	\$4,752	\$0	\$4,752	\$4,752
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
300 Total Liabilities	\$4,752	\$0	\$4,752	\$4,752
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets		\$1,061,385	\$1,061,385	\$1,061,385
511.4 Restricted Net Position	\$53,092	\$856,132	\$909,224	\$909,224
512.4 Unrestricted Net Position	\$60,421	\$0	\$60,421	\$60,421
513 Total Equity - Net Assets / Position	\$113,513	\$1,917,517	\$2,031,030	\$2,031,030
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$118,265	\$1,917,517	\$2,035,782	\$2,035,782

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	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	\$1,567,223		\$1,567,223	\$1,567,223
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	\$76		\$76	\$76
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$5,064		\$5,064	\$5,064
71500 Other Revenue	\$127,035		\$127,035	\$127,035
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted	\$149	\$93	\$242	\$242
70000 Total Revenue	\$1,699,547	\$93	\$1,699,640	\$1,699,640
91100 Administrative Salaries	\$29,436		\$29,436	\$29,436
91200 Auditing Fees	\$5,440		\$5,440	\$5,440
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$15,667		\$15,667	\$15,667
91600 Office Expenses	\$19,318		\$19,318	\$19,318
91700 Legal Expense	\$16,500		\$16,500	\$16,500
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$113,825		\$113,825	\$113,825
91000 Total Operating - Administrative	\$200,186	\$0	\$200,186	\$200,186
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				
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				

See accompanying notes to the financial statements

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
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	\$6,659		\$6,659	\$6,659
96100 Total insurance Premiums	\$6,659	\$0	\$6,659	\$6,659
96200 Other General Expenses	\$16,783		\$16,783	\$16,783
96210 Compensated Absences				
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	\$16,783	\$0	\$16,783	\$16,783
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	\$223,628	\$0	\$223,628	\$223,628
97000 Excess of Operating Revenue over Operating Expenses	\$1,475,919	\$93	\$1,476,012	\$1,476,012
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$1,474,302		\$1,474,302	\$1,474,302
97350 HAP Portability-In	\$119,504		\$119,504	\$119,504
97400 Depreciation Expense				
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,817,434	\$0	\$1,817,434	\$1,817,434
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				

See accompanying notes to the financial statements

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
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) Total Expenses	-\$117,887	\$93	-\$117,794	-\$117,794
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$231,400	\$1,917,424	\$2,148,824	\$2,148,824
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
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	\$60,421		\$60,421	\$60,421
11180 Housing Assistance Payments Equity	\$53,092		\$53,092	\$53,092
11190 Unit Months Available	2347	0	2347	2347
11210 Number of Unit Months Leased	2448	0	2448	2448
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				



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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 GOVERNMENTAL AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Old Bridge Township Housing Authority (hereafter referred to as the Authority), which comprise the statement of net position as of December 31, 2013 and the related statements of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 6, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Old Bridge Township Housing Authority's 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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Old Bridge Township Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Old Bridge Township Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: August 6, 2014



Hymanson, Parnes & Giampaolo
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Report on Compliance

We have audited Old Bridge Township Housing Authority's (hereafter referred to as the Authority), compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* applicable to Authority's major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs .

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Old Bridge Township Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about Old Bridge Township Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Old Bridge Township Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Old Bridge Township Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Old Bridge Township Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in 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 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 compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: August 6, 2014

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Schedule of Findings and Questioned Cost

Year Ended December 31, 2013

Prior Audit Findings

None reported

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statement of the Old Bridge Township Housing Authority.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Old Bridge Township Housing Authority were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON 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 Unmodified 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 \$1,567,223.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Old Bridge Township Housing Authority qualified 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

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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 the 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 fiscal year ended December 31, 2013, and have issued our report thereon dated August 6, 2014. 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, 2013, 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: August 6, 2014

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	<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 G3100-040)	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,G9000,G9100)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
6	Financial statement report information (data element G3000-010)	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 G4000-020 to G4000-040)	Schedule of Findings and Questioned costs,Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
8	Type of Compliance Requirement (G4200-020 & G4000-030)	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>	August 6, 2014
<u>UII#</u>	#66170
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