

**Report On Audit**

**HOUSING AUTHORITY OF THE  
TOWN OF GUTTENBERG**

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

**Housing Authority of the Town of Guttenberg**  
Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-16
<b>Financial Statements</b>	
Statement of Net Position	17
Statement of Revenue, Expenses and Changes in Net Position	18
Statement of Cash Flow	19
Notes to Financial Statements	20-45
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards	46
Budgetary Comparison Schedule – Low Income Program	47
Budgetary Comparison Schedule – Housing Choice Voucher Program	48
Financial Data Schedule	49-53
Statement on Certification of Actual Cost Capital Fund Program	54
<b>Other Reports and Comments</b>	
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 <i>Government Auditing Standards</i>	55-56
Independent Auditors Report on Compliance for each Major Program and on Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	57-58
Schedule of Findings and Questioned Cost	59
Independent Accountant's Report on Applying Agreed-upon Procedures – REAC	60-61



*Hymanson, Parnes & Giampaolo*

*Certified Public Accountants*

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

467 Middletown-Lincroft Rd.  
Lincroft, NJ 07738

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of the Town of Guttenberg  
6900 Broadway  
Guttenberg, New Jersey 07093

**Report on the Financial Statements**

We have audited the accompanying financial statements of Housing Authority of the Town of Guttenberg (a nonprofit corporation) in Guttenberg, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of March 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. The financial statement of Housing Authority of the Town of Guttenberg, as of March 31, 2012, was audited by other auditors whose report dated June 19, 2012, expressed an unqualified opinion on those 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 Housing Authority of the Town of Guttenberg'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 Housing Authority of the Town of Guttenberg'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 Housing Authority of the Town of Guttenberg as of March 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 16 and pages 47-48 be 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 22, 2013 on our consideration of Housing Authority of the Town of Guttenberg'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 22, 2013

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

As Management of the Housing Authority of the Town of Guttenberg (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 17 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 \$8,663,909 greater than the liabilities, a decrease in the financial position of \$1,208,540 or 12% percent.

As noted above, the net position of the Authority exceeded its liabilities by \$8,663,909 as of March 31, 2013. Of this amount, the unrestricted position is \$564,030 representing a decrease of \$672,219 or 54% percent from the previous year. The net investment in capital assets decreased \$84,641 or 1% percent for an ending balance of \$8,099,879. The restricted position decreased \$451,680 from the previous year for an ending balance of \$-0-. Additional information on the Authority's restricted and unrestricted net positions can be found in Note 17 & Note 18 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at March 31, 2013 is \$1,286,324 representing a decrease of \$1,018,451 or 44% percent from the prior fiscal year. The full detail of this amount can be found in the Statement of Cash Flow on page 19 of this report.

The Authority's total assets are \$9,715,557 of which capital assets net book value is \$8,099,879, leaving total current assets at \$1,615,678. Total current assets decreased from the previous year by \$867,371 or 35% percent. Cash and cash equivalents decreased by \$1,018,451, accounts receivables increased by \$159,744, and prepaid expenses decreased by \$8,664.

The Authority's total liabilities are reported at \$1,051,648, of which noncurrent liabilities are stated at \$338,159. Total liabilities increased during the year as compared to the prior year in the amount of \$256,528 or 32% percent. Total current liabilities increased during the year by \$171,545 leaving non current liabilities for an increase of \$84,983 as compared to the previous year.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Total current liabilities increased from the previous year by \$171,545 or 32% percent. Accounts payables increased by \$165,016, accrued liabilities increased by \$2,726, tenant security deposit payable increased by \$1,756, unearned revenue increased \$2,047.

Total noncurrent liabilities increased by \$84,983 or 34% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$217,281, with no offsetting assets; increased \$24,544 from the previous year, accrued post-employment benefits (OPEB) liabilities increased \$60,439 or 100% percent. Additional information on the Authority's accrued OPEB liability at March 31, 2013 can be found in Note 16 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$3,966,112 as compared to \$4,346,137 from the prior year for a decrease of \$380,025 or 9% percent. Total operating expenses of \$5,368,085 as compared to \$4,906,877 from the previous year for an increase of \$461,208 or 9% percent, resulting in a deficiency of revenue from operations in the amount of \$1,401,973 for the current year as compared to a deficiency in revenue from operations in the amount of \$560,740 from the prior year. This resulted in an increase in deficit of \$841,233 or 150% percent from the previous year.

Total capital improvements contributions from HUD were in the amount of \$231,870 as compared to \$335,434 from the previous year for a decrease of \$103,564 or 31% percent.

The Authority's had capital outlays in the amount of \$536,305 for the fiscal year. These expenditures were funded by grants received during the year from the U.S. Department of Housing and Urban Development in the amount of \$231,870 and the remainder through management's reserves. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note - 9 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$2,671,978 for the fiscal year 2013 as compared to \$3,184,943 for the previous fiscal year 2012 for a decrease of \$512,965 or 16% percent.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**USING THIS ANNUAL REPORT**

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

1. Low Rent Public Housing
2. Housing Choice Voucher Program
3. Public Housing Capital Fund 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 serve 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

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 17 through 19.

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.



**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

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 20 through 45.

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.

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 46 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 Housing Authority of the Town of Guttenberg are those which equal or exceeded \$300,000 in expenditures for the fiscal year ended March 31, 2013. Type B programs for the Housing Authority of the Town of Guttenberg are those which are less than \$300,000 in expenditures for the fiscal year ended March 31, 2013.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

The budget comparison of actual results to the Authority's adopted budget for the Low Income Public Housing Program found on page 47 the Section Eight Housing Choice Voucher Program on page 48.

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)**

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

Computations of Net Position are as follows:

	<u>Year Ended</u>		Increase (Decrease)
	March-13	March-12	
Cash	\$ 1,286,324	\$ 2,304,775	\$ (1,018,451)
Other Current Assets	329,354	178,274	151,080
Capital Assets - Net	8,099,879	8,184,520	(84,641)
Total Assets	9,715,557	10,667,569	(952,012)
Less: Current Liabilities	(713,489)	(541,944)	(171,545)
Less: Non Current Liabilities	(338,159)	(253,176)	(84,983)
Net Position	<u>\$ 8,663,909</u>	<u>\$ 9,872,449</u>	<u>\$ (1,208,540)</u>
Net Investment in Capital Assets	\$ 8,099,879	\$ 8,184,520	\$ (84,641)
Restricted Net Position	-	451,680	(451,680)
Unrestricted Net Position	564,030	1,236,249	(672,219)
	<u>\$ 8,663,909</u>	<u>\$ 9,872,449</u>	<u>\$ (1,208,540)</u>

Cash decreased by \$1,018,451 or 44% percent. Net cash used by operating activities was \$701,879, net cash used for related financing activities was \$279,891, and net cash used by investing activities was \$36,681. The full detail of this amount can be found in the Statement of Cash Flow on page 19 of this audit report.

Other current assets increased \$151,080. Accounts receivable increased \$159,744, mainly due to an inter-program receivable, due from the housing choice voucher program. This was a result of the public housing program paying for expenses on behalf of the housing choice voucher program. Prepaid expenses decreased \$8,664.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$84,641 or 1% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$536,305, less the recording of depreciation expense in the amount of \$620,946. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 9 Fixed Assets.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

Total current liabilities increased from the previous year by \$171,545 or 32% percent. Accounts payables increased by \$165,016 due to an inter-company payable from the housing choice voucher program to the public housing program for expenses paid on its behalf. Accrued liabilities increased by \$2,726, tenant security deposit payable increased by \$1,756, and unearned revenue increased by \$2,047.

Total non current liabilities increased by \$84,983 or 34% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$217,281, with no offsetting assets, saw an increase of \$24,544 from the previous year, and accrued post-employment benefits (OPEB) liabilities increased \$60,439.

The Authority's reported net position of \$8,663,909 is made up of three categories. The net investment in capital assets in the amount of \$8,099,879 represents 93% percent of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance March 31, 2012	\$ 8,184,520
Fixed Asset Acquisitions	536,305
Depreciation Expense	<u>(620,946)</u>
Balance March 31, 2013	<u><u>\$ 8,099,879</u></u>

The second largest portion of the Authority's net position reflects its unrestricted position in the amount of \$564,030 followed by restricted position in the amount of \$-0-.

The Housing Authority of the Town of Guttenberg operating results for March 31, 2013 reported a decrease in unrestricted position of \$672,219 or 54% percent for an ending balance of \$564,030. The Authority reported restricted position in the amount of \$-0- which decreased \$451,680 or 100% 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 - 17 & 18.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

At the end of the current year, the Authority is able to report positive balances in two categories of net position. The prior year reported positive balances for all three categories. The following summarizes the changes in Net Position between March 31, 2013 and March 31, 2012:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase
	March-13	March-12	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 1,240,039	\$ 1,252,413	\$ (12,374)
HUD Subsidies	2,440,108	2,849,509	(409,401)
Other Revenues	285,965	244,215	41,750
Total Operating Income	<u>3,966,112</u>	<u>4,346,137</u>	<u>(380,025)</u>
<u>Expenses</u>			
Operating Expenses	4,747,139	4,354,027	393,112
Depreciation Expense	620,946	552,850	68,096
Total Operating Expenses	<u>5,368,085</u>	<u>4,906,877</u>	<u>461,208</u>
Operating Income before Non Operating Income	(1,401,973)	(560,740)	(841,233)
Interest Income	7,064	4,963	2,101
Special Item - HUD Recapture of Reserve	(45,501)	-	(45,501)
HUD Capital Grants	231,870	335,434	(103,564)
Change in Net Position	(1,208,540)	(220,343)	(988,197)
Net Position Prior Year	9,872,449	10,092,792	(220,343)
Total Net Position	<u>\$ 8,663,909</u>	<u>\$ 9,872,449</u>	<u>\$ (1,208,540)</u>

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

Approximately 62% percent of the Authority's total revenue was provided by HUD operating subsidy, while 31% percent resulted from tenant revenue. Charges for various services and fraud recovery provided 7% percent of the total income. The Housing Authority of the Town of Guttenberg received capital fund improvement grant money during the year in the amount of \$231,870 as compared to \$335,434 for the previous year.

The Authority operating expenses cover a range of expenses. The largest expense was for Housing Assistance Payments representing 39% percent of total operating expenses. Administrative expenses accounted for 23% percent, utilities expense accounted for 11% percent, maintenance expense accounted for 11% percent, other operating expenses accounted for 4% percent, and depreciation accounted for the remaining 12% of the total operating expenses.

The Authority operating expenses exceeded its operating revenue resulting in a deficit of revenue from operations in the amount of \$1,401,973 from operations as compared to excess expenses from operations of \$560,740 for the previous year. The key element for the increase in deficit in comparison to the prior year is as follow:

- The Authority reported a decrease in HUD PHA operating grants in the amount of \$409,401 or 14% percent, due to reductions by HUD, because of budgets cuts by Congress.
- Administrative expenses increased \$149,659 or 14% percent.
- Utility expenses increased \$23,106 or 4% percent.
- Housing Assistance Payments increased \$193,762 or 10% percent.

Total net cash used by operating activities during the year was \$701,879 as compared to the prior year where cash provided was provided in the amount of \$34,133 from operations. As explained above this change was due to decrease in revenue and increase in operating expenses. A full detail of this amount can be found on the Statement of Cash Flow on page 19 of this report.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 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 March 31, 2013:

	March-13	March-12	March-11	March-10
<b>Significant Income</b>				
Total Tenant Revenue	\$ 1,240,039	\$ 1,252,413	\$ 1,199,129	\$ 1,198,375
HUD Operating Grants	2,440,108	2,849,509	2,778,524	3,028,464
HUD Capital Grants	231,870	335,434	148,449	679,251
Investment Income	7,064	4,963	8,276	11,219
Other Government Grants	-	-	-	88,000
Other Income	285,965	244,215	263,846	39,691
<b>Total</b>	<b>\$ 4,205,046</b>	<b>\$ 4,686,534</b>	<b>\$ 4,398,224</b>	<b>\$ 5,045,000</b>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 575,059	\$ 490,928	\$ 424,751	\$ 409,925
Utilities Labor	28,391	30,947	30,276	31,287
Maintenance Labor	245,199	289,912	261,822	202,727
Employee Benefits Expense	414,320	367,554	273,497	228,204
<b>Total Payroll Expense</b>	<b>\$ 1,262,969</b>	<b>\$ 1,179,341</b>	<b>\$ 990,346</b>	<b>\$ 872,143</b>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 386,395	\$ 303,439	\$ 484,024	\$ 222,554
Utilities Expense	560,843	539,657	674,147	599,952
Maintenance Materials Cost	143,572	167,698	176,352	124,308
Maintenance Contract Cost	104,508	76,765	81,589	134,107
Insurance Premiums	86,910	87,527	87,052	82,359
Housing Assistance Payments	2,090,542	1,896,780	1,896,809	1,740,800
<b>Total</b>	<b>\$ 3,372,770</b>	<b>\$ 3,071,866</b>	<b>\$ 3,399,973</b>	<b>\$ 2,904,080</b>
<b>Total Operating Expenses</b>	<b>\$ 5,368,085</b>	<b>\$ 4,906,877</b>	<b>\$ 5,012,135</b>	<b>\$ 4,370,443</b>
<b>Total of Federal Awards</b>	<b>\$ 2,671,978</b>	<b>\$ 3,184,943</b>	<b>\$ 2,926,973</b>	<b>\$ 3,707,715</b>

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**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.

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

**THE HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG PROGRAMS**

Public Housing Program:

Under the Public Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Housing Authority of the Town of Guttenberg flat rent amount.

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.

Capital Fund Program:

The public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments and homes to keep them clean, safe and in good condition.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**BUDGETARY HIGHLIGHTS**

For the year ended March 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 Low Rent Public Housing 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 full detail can be found in the Budget comparison to actual results for the Low Rent Public Housing Program on page 47 of this report.

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 48 of this report.

**NEW INITIATIVES**

For the year 2012 and carrying over to 2013 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 64% percent of its revenue from the Department of Housing and Urban Development, (2011 was 68% 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.

For 2013, HUD (in an effort to show Congress its attempts to reduce costs), implemented a "recapture" of public housing reserves process. This is a process whereby a Housing Authority that has been efficient in operations and has built a "reserve" may be required to refund any reserve in excess of four months. The Housing Authority of the Town of Guttenberg experienced a recapture amount of \$45,501 for the 2013 fiscal year.



**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

1 – Capital Assets

The Authority's investment in capital assets as of March 31, 2013 was \$8,099,879 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The total decreased during the year in the Authority's investment in capital assets was \$84,641 or 1% percent. Major capital expenditures of \$536,305 were made during the year. Major capital assets events during the fiscal year included the following:

- Apartment Renovations
- Office Furniture
- Boiler Upgrades
- A&E Fees
- Brick Pointing/ Waterproofing
- Community Room Rehab

	March-13	March-12	Variance
Land	\$ 533,472	\$ 533,472	\$ -
Building	16,205,522	15,753,640	451,882
Furniture, Equipment - Dwelling	356,581	356,581	-
Furniture, Equipment - Administration	246,359	157,360	88,999
Leasehold Improvements	892,755	892,755	-
Construction in Process	538,547	543,123	(4,576)
Total Fixed Assets	18,773,236	18,236,931	536,305
Accumulated Depreciation	(10,673,357)	(10,052,411)	(620,946)
Net Book Value	<u>\$ 8,099,879</u>	<u>\$ 8,184,520</u>	<u>\$ (84,641)</u>

Additional information on the Authority's capital assets can be found in Note 9 to the financial statements, which is included in this report.

2 - Debt Administration

The Authority does not have any long-term debt at this time.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT MARCH 31, 2013**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority of Town of Guttenberg 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 capital budgets for the 2013 fiscal year have already been submitted to HUD for approval and no major changes are expected. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 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 Mrs. Barbara Criscione, Chief Executive Officer, Housing Authority of the Town of Guttenberg, 6900 Broadway Guttenberg, New Jersey 07093, or call (201) 861-0900.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**  
**STATEMENT OF NET POSITION**  
**AS MARCH 31, 2013 AND 2012**

	MARCH 31,	
	2013	2012
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,286,324	\$ 2,304,775
Accounts Receivables, Net of Allowances	181,202	21,458
Prepaid Expenses	148,152	156,816
Total Current Assets	1,615,678	2,483,049
<b>Noncurrent Assets</b>		
Capital Assets		
Land	533,472	533,472
Building	16,205,522	15,753,640
Furniture, Equipment - Dwelling	356,581	356,581
Furniture, Equipment - Administration	246,359	157,360
Leasehold Improvements	892,755	892,755
Construction in Process	538,547	543,123
Total Capital Assets	18,773,236	18,236,931
Less: Accumulated Depreciation	(10,673,357)	(10,052,411)
Net Book Value	8,099,879	8,184,520
Total Assets	9,715,557	10,667,569
<b>Deferred Outflow of Resources</b>		
Total Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflow of Resources	\$ 9,715,557	\$ 10,667,569
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 602,671	\$ 437,655
Accrued Liabilities	24,142	21,416
Tenant Security Deposit Payable	83,185	81,429
Unearned Revenue	3,491	1,444
Total Current Liabilities	713,489	541,944
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences - Long-Term	217,281	192,737
Accrued Other Post-Employment Benefits Liabilities	120,878	60,439
Total Noncurrent Liabilities	338,159	253,176
Total Liabilities	1,051,648	795,120
<b>Deferred Inflow of Resources</b>		
Total Deferred Inflow of Resources	-	-
<b>Net Position:</b>		
Net Investment in Capital Assets	8,099,879	8,184,520
Restricted	-	451,680
Unrestricted	564,030	1,236,249
Total Net Position	8,663,909	9,872,449
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 9,715,557	\$ 10,667,569

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2013 AND 2012**

	MARCH 31,	
	2013	2012
<b>Revenue:</b>		
Tenant Rental Revenue	\$ 1,240,039	\$ 1,252,413
HUD PHA Operating Grants	2,440,108	2,849,509
Other Revenue	285,965	244,215
Total Revenue	3,966,112	4,346,137
<b>Operating Expenses:</b>		
Administrative Expense	1,229,033	1,079,374
Utilities Expense	600,819	577,713
Maintenance Expense	628,435	609,813
Other Operating Expenses	198,310	190,347
Housing Assistance Payments	2,090,542	1,896,780
Depreciations Expense	620,946	552,850
Total Operating Expenses	5,368,085	4,906,877
Excess Expenses Over Revenue From Operations	(1,401,973)	(560,740)
<b>Non Operating Income and (Expenses):</b>		
Investment Income	7,064	4,963
Special Item- HUD Recapture of NRA Reserves	(45,501)	-
Total Non Operating (Expenses) and Income	(38,437)	4,963
Capital Grants	231,870	335,434
<b>Change in Net Position</b>	(1,208,540)	(220,343)
Beginning Net Position	9,872,449	10,092,792
Ending Net Position	\$ 8,663,909	\$ 9,872,449

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**  
**STATEMENT OF CASH FLOW**  
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2013 AND 2012**

	MARCH 31,	
	2013	2012
<b>Cash Flow From Operating Activities</b>		
Receipts from Tenants	\$ 1,232,802	\$ 1,199,404
Receipts from Federal Grants	2,384,372	2,849,509
Receipts from Misc. Sources	285,965	272,966
Payments to Vendors and Suppliers	(690,664)	(732,408)
Payments for Housing Assistance Payments	(2,090,542)	(1,896,780)
Payments to Employees	(848,649)	(811,787)
Payment of Employee Benefits	(414,320)	(307,114)
Payments for Utilities	(560,843)	(539,657)
Net Cash (Used) Provided by Operating Activities	(701,879)	34,133
<b>Cash Flow From Capital and Related Financing Activities</b>		
Receipts from Capital Grants	231,870	335,434
Acquisitions and Construction of Capital Assets	(536,305)	(335,434)
Increase in Compensated Absences	24,544	22,764
Net Cash (Used) Provided by and Related Financing Activities	(279,891)	22,764
<b>Cash Flow From Investing Activities</b>		
Interest Income	7,064	4,963
Special Item- HUD Recapture of NRA Reserves	(45,501)	-
Net Change in Security and Escrow Accounts	1,756	906
Net Cash (Used) Provided by Investing Activities	(36,681)	5,869
Net (Decrease) Increase in Cash and Cash Equivalents	(1,018,451)	62,766
<b>Beginning Cash</b>	2,304,775	2,242,009
<b>Ending Cash</b>	\$ 1,286,324	\$ 2,304,775
<b>Reconciliation of Operating Income to Net Cash</b>		
(Used) by Operating Activities		
Excess of Expenses Over Revenue	\$ (1,401,973)	\$ (560,740)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense - net of adjustments	620,946	552,850
(Increase) Decrease in:		
Accounts Receivables	(159,744)	(6,870)
Prepaid Expenses	8,664	(6,504)
Increase (Decrease) in:		
Accounts Payable	165,016	2,899
Accrued Liabilities	2,726	2,530
Unearned Revenue	2,047	(10,471)
Accrued Other Post-Employment Benefits Liabilities	60,439	60,439
Net Cash (Used) Provided by Operating Activities	\$ (701,879)	\$ 34,133

See accompanying notes to the financial statements.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 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 Town of Guttenberg 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 and modernization subsidies are 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 Guttenberg and Town 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 Town of Guttenberg 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.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 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. 45 of the Government Accounting Standards Board (“GASB 45”) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension* was issued in June 2004. This Statement requires the Authority to account for its “other postemployment benefits”(OPEB) in essentially the same way as it accounts for pension benefits. OPEB include medical, prescription drug, dental, vision, life insurance and disability benefits provided to retirees and certain terminated employees.

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 2011. 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 2012. 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.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 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 assets, revenue, and expenses are accounting for through a single enterprise fund for the primary government.

The major sources of revenue are tenants dwelling rentals, HUD operating subsidy, capital grants, and other revenue.

HUD's rent subsidy program provides housing to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts:

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Housing Authority of the Town of Guttenberg's flat rent amount.

Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by March 31, are considered to be accounts receivable and any amounts received for subsequent period are recorded as unearned revenue.

HUD operating, capital grants which finance capital and current operations are susceptible to accrual and recognized during the year earned in accordance with applicable HUD program guidelines. The Capital Fund Grant program of the Authority is entitled to receive advances as expenditures are incurred.



# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **Basis of Accounting – Continued**

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. 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.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **Report Presentation - Continued**

Also the Authority adopted the provisions of Statement No. 37 "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" 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.

### 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.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **Other accounting policies – Continued**

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.

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.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **Other accounting policies – Continued**

11-continued

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.

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.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **Budgetary and Policy Control -**

The Authority submits its annual operating and capital budgets 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 Low Rent Housing Program and 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 Low Income Public Housing Program found on page 47 the Section Eight Housing Choice Voucher Program on page 48.

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

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Public Housing</u>			
Low Rent Housing	14.850	NJ36	251
Capital Fund	14.872	NJ36	
<u>Section 8</u>			
Housing Choice Vouchers	14.871	NJ36	198

**Taxes** - Under federal, state, and local law, the Authority's program are exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority must pay the municipality the lesser of 10% of its net shelter rent or the approximate full real property 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.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

**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.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **NOTE 3 - PENSION PLAN**

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

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

#### Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 5% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, 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 \$74,649 and \$73,736.

#### Post Employment Retirement Benefits

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

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

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

The bank balances at March 31, 2013 and 2012 were \$1,286,324 and \$2,304,775 respectively, which were either insured or collateralized with securities held by the pledging financial institutions in the Authority's name as discussed below:

	<u>March-13</u>	<u>March-12</u>
Freedom Bank	\$ 1,151,646	\$ -
Guttenberg Savings & Loan	134,478	278,047
Wells Fargo Bank	-	2,026,528
Petty Cash	200	200
Total Cash	<u>\$ 1,286,324</u>	<u>\$ 2,304,775</u>



# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **NOTE 4 - CASH, CASH EQUIVALENTS - CONTINUED**

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

<u>Depository Accounts</u>	<u>Bank Balances</u>	
	<u>March-13</u>	<u>March-12</u>
Insured	\$ 384,478	\$ 500,000
Collateralized held by pledging bank's trust department in the Authority's name	901,846	1,804,775
Total Cash	<u>\$ 1,286,324</u>	<u>\$ 2,304,775</u>

### **NOTE 5 - RESTRICTED CASH**

The Authority has total restricted cash at March 31, 2013 and 2012 in the amount of \$83,185 and \$435,089 respectively, which was accounted for in Note 4 and consists of the following:

	<u>March-13</u>	<u>March-12</u>
Tenant Security Deposits	\$ 83,185	\$ 81,429
HAP Reserve	-	353,660
Total Restricted Cash	<u>\$ 83,185</u>	<u>\$ 435,089</u>

The restricted cash in the amount of \$-0- for 2013 and \$353,660 for 2012 was reported under the Housing Choice Voucher Program as a HAP reserve for future use.

The Authority has restricted cash at March 31, 2013 in the amount of \$83,185 and \$81,429 at March 31, 2012. Both of these amounts were accounted for in cash and cash equivalents in Note 4. This amount is held as security deposits for the tenants of the Low Income Housing in an interest bearing account at Freedom Bank.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **NOTE 6 - ACCOUNTS RECEIVABLE**

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

	March-13	March-12
Tenants Accounts Receivable - Present	\$ 10,748	\$ 10,373
Tenants Accounts Receivable - Installment Plan	20,654	13,792
Less: Allowance for Doubtful Accounts	(12,980)	(10,373)
Net Tenants Accounts Receivable	<u>18,422</u>	<u>13,792</u>
Accounts Receivable - HCV Portability	38	6,282
Inter-Program Receivable - HCV	162,742	1,384
Net Accounts Receivable - Other Receivables	<u>162,780</u>	<u>7,666</u>
Net Accounts Receivables - Total	<u>\$ 181,202</u>	<u>\$ 21,458</u>

The Housing Authority of the Town of Guttenberg 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.

### **NOTE 7 - PREPAID EXPENSES**

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses at March 31, 2013 and 2012 consisted of the following:

	March-13	March-12
Prepaid Insurance Premiums	\$ 61,744	\$ 66,328
Prepaid Pension and Health Benefits	74,844	75,578
Fuel Oil Inventory	11,564	14,910
Total Prepaid Expenses	<u>\$ 148,152</u>	<u>\$ 156,816</u>

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **NOTE 8 - 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 March 31, 2013 are detailed on the Financial Data Schedule of this report.

### **NOTE 9 - FIXED ASSETS**

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated by an appraisal value.

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.

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. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	15 years
4. Building Components	15 years
5. Office Equipment	5 years

The Housing Authority of the Town of Guttenberg 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 March 31, 2013.

## HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

### Notes to Financial Statements

March 31, 2013

#### **NOTE 9 - FIXED ASSETS - CONTINUED**

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

	March-12	Additions	Transfer	March-13
Land	\$ 533,472	\$ -	\$ -	\$ 533,472
Building	15,753,640	304,435	147,447	16,205,522
Furniture, Equipment - Dwelling	356,581	-	-	356,581
Furniture, Equipment - Administration	157,360	-	88,999	246,359
Leasehold Improvements	892,755	-	-	892,755
Construction in Process	543,123	231,870	(236,446)	538,547
Total Fixed Assets	18,236,931	536,305	-	18,773,236
Accumulated Depreciation	(10,052,411)	(620,946)	-	(10,673,357)
Net Book Value	\$ 8,184,520	\$ (84,641)	\$ -	\$ 8,099,879

	March-11	Additions	Transfer	March-12
Land	\$ 533,472	\$ -	\$ -	\$ 533,472
Building	15,152,951	-	600,689	15,753,640
Furniture, Equipment - Dwelling	356,581	-	-	356,581
Furniture, Equipment - Administration	157,360	-	-	157,360
Leasehold Improvements	892,755	-	-	892,755
Construction in Process	808,557	335,255	(600,689)	543,123
Total Fixed Assets	17,901,676	335,255	-	18,236,931
Accumulated Depreciation	(9,499,561)	(552,850)	-	(10,052,411)
Net Book Value	\$ 8,402,115	\$ (217,595)	\$ -	\$ 8,184,520

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**

Notes to Financial Statements

March 31, 2013

**NOTE 10 - ACCOUNTS PAYABLE**

The Authority reported accounts payable on its statement of net position as of March 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 March 31, 2013 and 2012 consist of the following:

	<u>March-13</u>	<u>March-12</u>
Accounts Payable Vendors	\$ 92,838	\$ 49,754
Accounts Payable - HUD	216,461	272,197
Accounts Payable - P.I.L.O.T.	130,630	114,320
Inter-Program Payable - LIH	162,742	1,384
Total Accounts Payable	<u>\$ 602,671</u>	<u>\$ 437,655</u>

**NOTE 11 - ACCOUNTS PAYABLE - OTHER GOVERNMENT (PILOT PAYABLE)**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town of Guttenberg. Under the Cooperation Agreements, the Authority must pay the municipality the littlest of 10% of its net shelter rent or the approximate full real property taxes. The total amount of PILOT payable at March 31, 2013 and 2012 consisted of the following:

	<u>March-13</u>	<u>March-12</u>
Balance Beginning of Year	\$ 114,320	\$ 102,940
P.I.L.O.T. Accrued	63,546	67,084
Less: Payments Made	(47,236)	(55,704)
Total P.I.L.O.T. Payable	<u>\$ 130,630</u>	<u>\$ 114,320</u>

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **NOTE 12 - ACCRUED EXPENSES**

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

	March-13	March-12
Compensated Absences - Current Portion	\$ 24,142	\$ 21,416
Total Accrued Liabilities	\$ 24,142	\$ 21,416

### **NOTE 13 - 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.

Unused sick leave may be carried to future periods without limitations and used in the event of extended illness. In the event of retirement, an employee is compensated for one-half of his unused sick days at the present daily compensation rate or six months of salary, whichever is less. Generally, unused vacation may be carried over to the next year and then must be used. In the event of separation from the Authority, the employee is eligible for compensation of up to one year plus any time earned in the year of separation.

The Authority has determined that the potential liability for accumulated vacation and sick time is as follows:

	March-13	March-12
Accumulated Sick Time	\$ 102,165	\$ 117,861
Accumulated Vacation Time	122,102	81,073
FICA Expense	17,156	15,219
Total	241,423	214,153
Compensated Absences - Current Portion	(24,142)	(21,416)
Total Compensated Absences - Noncurrent	\$ 217,281	\$ 192,737

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**

Notes to Financial Statements

March 31, 2013

**NOTE 14 - UNEARNED REVENUE**

The Authority reported unearned revenues on its Statement of Net Position. Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

The unearned revenue for March 31, 2013 and 2012 is \$3,491 and \$1,444 which consisted of prepaid rents.

**NOTE 15 - LONG TERM DEBT**

At December 31, 1999, the Authority's Long Term Debt (guaranteed by HUD), in accordance with HUD's GAAP Conversion Guide, the Long Term Debt and related debt service accounts were written off.

GASB Interpretation No. 2, "Disclosure of Conduit Debt Obligations," provided guidance as to the proper GAAP treatment of this HUD-guaranteed debt. The debt transactions between the Authority and HUD are similar to conduit debt obligations, which are "certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by the state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer" financial reporting entity.

The transaction between the Authority and HUD is similar to HUD giving funds to the Authority to operate and the funds are a capital contribution. HUD has essentially made an investment in the Authority. Therefore, the liability was reclassified as a capital contribution. Since HUD is paying the obligations directly, the outstanding Long Term Debt balance at March 31, 2013 could not be readily determined.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**

Notes to Financial Statements

March 31, 2013

**NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

The Authority’s annual other postemployment benefit (“OPEB”) cost (expense) is calculated based on the annual required contribution of employer (“ARC”) , an amount actuarially determined in accordance with parameters of GASB Statement No. 45 . The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

The following table shows the components of the Authority’s annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority’s net OPEB obligation to the plan:

	March-13	March-12
Annual Required Contribution	\$ 38,351	\$ 38,351
Interest on net OPEB obligation	1,260	1,260
Amortization of the Initial UAL	31,495	31,495
Annual OPEB cost (expense)	71,106	71,106
Contributions made	(10,667)	(10,667)
Increase in net OPEB obligation	60,439	60,439
Net OPEB Obligation – beginning of year	60,439	-
Net OPEB Obligation – end of year	\$ 120,878	\$ 60,439

The Authority’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
March-11	N/A	N/A	N/A
March-12	\$ 71,106	15%	\$ 60,439
March-13	\$ 71,106	15%	\$ 60,439

**FUNDED STATUS AND FUNDING PROGRESS**

As of April 1, 2011, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$944,858, and the actuarial value of assets was \$-0-, resulting in an unfunded accrued liability (UAL) of \$944,858.





**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**

Notes to Financial Statements

March 31, 2013

**NOTE 16 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED**

Reconciliation of Plan Participation (As of April 1, 2011) Active Employees:

	<u>March-12</u>
Number of Active Employees	11
Average Age - Actives	44.5
Average Years of Service - Actives	11.1
Average Expected Future Working Lifetime	10.3
Average Age - Retirees	72.5

**NOTE 17 - RESTRICTED**

The Authority's Restricted Net Position account balance at March 31, 2013 is \$-0-. The balance as of March 31, 2012 of \$451,680 pertains to the HAP reserve. The detail of the restricted reserve account balances is as follows:

	<u>HAP Payment</u>
Balance March 31, 2011	\$ 548,129
Decrease During the Year	<u>(96,449)</u>
Balance March 31, 2012	451,680
Decrease During the Year	<u>(451,680)</u>
Balance March 31, 2013	<u><u>\$ -</u></u>

Housing Choice Voucher Program - Reserves

Prior to January 1, 2005 excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority's 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.

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **NOTE 18 - UNRESTRICTED**

The Authority's Unrestricted Net Position account balance at March 31, 2013 is \$564,030. The detail of the account balance is as follows:

	Low Rent PH Reserve	HCV Reserve	Total
Balance March 31, 2011	\$ 1,253,440	\$ (110,892)	\$ 1,142,548
Increase During the Year	92,936	765	93,701
Balance March 31, 2012	1,346,376	(110,127)	1,236,249
Decrease During the Year	(635,261)	(36,958)	(672,219)
Balance March 31, 2013	<u>\$ 711,115</u>	<u>\$ (147,085)</u>	<u>\$ 564,030</u>

### Housing Choice Voucher Program - Reserves

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

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**

Notes to Financial Statements

March 31, 2013

**NOTE 18 - UNRESTRICTED - CONTINUED**

	Pre-2004 Unrestricted Reserves	Post-2003 Unrestricted Reserves	Total Unrestricted Reserves
Balance at March 31, 2003	\$ 66,881	\$ -	\$ 66,881
Pre 2004 Adm. Equity used to fund Loss	(19,676)	19,676	
Net Revenue /(Loss)	-	(19,676)	(19,676)
Balance at March 31, 2004	47,205	-	47,205
Pre 2004 Adm. Equity used to fund Loss	(40,933)	40,933	
Net Revenue /(Loss)	-	(40,933)	(40,933)
Balance at March 31, 2005	6,272	-	6,272
Pre 2004 Adm. Equity used to fund Loss	(6,272)	6,272	
Net Revenue /(Loss)	-	2,534	2,534
Balance at March 31, 2006	-	8,806	8,806
Net Revenue /(Loss)	-	(48,063)	(48,063)
Balance at March 31, 2007	-	(39,257)	(39,257)
Net Revenue /(Loss)	-	846	846
Balance at March 31, 2008	-	(38,411)	(38,411)
Net Revenue /(Loss)	-	73	73
Balance at March 31, 2009	-	(38,338)	(38,338)
Adjustment to Agree With FMC NRA Reconciliation	-	(87,344)	(87,344)
Net Revenue /(Loss)	-	9,353	9,353
Balance at March 31, 2010	-	(116,329)	(116,329)
Net Revenue /(Loss)	-	5,437	5,437
Balance at March 31, 2011	-	(110,892)	(110,892)
Net Revenue /(Loss)	-	765	765
Balance at March 31, 2012	-	(110,127)	(110,127)
Net Revenue /(Loss)	-	8,543	8,543
HUD Recapture 2013		(45,501)	(45,501)
Balance at March 31, 2013	\$ -	\$ (147,085)	\$ (147,085)

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **NOTE 19 - 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 March 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. Periodically, but not less than once annually, the Authority conducts a physical inspection of all its buildings for the purpose of determining potential liability issues.

During the year ended March 31, 2013, the Authority did not reduce insurance coverage's from coverage levels in place as of March 31, 2012. No settlements have exceeded coverage levels in place during 2011, 2012, and 2013.

### **NOTE 20 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES**

Pursuant to the Annual Contribution Contract, HUD makes annual debt service contributions to the Authority for each permanently financed project in the amount equal to the debt service on its bonds, plus, if necessary, an amount to fully amortize the Authority's indebtedness represented by permanent notes or project notes. Accrued HUD contributions for the year ended March 31, 2013 were \$ - 0 -.

HUD also contributes an additional operating subsidy approved in the operating budget under the Annual Contribution Contract. Additional operating subsidy contributions for the year ended March 31, 2013 and 2012 were \$711,078 and \$882,767, respectively.

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 and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. The Authority is also eligible to receive reimbursement for preliminary expenses prior to lease up. HUD contributions for the Housing Choice Voucher for March 31, 2013 and 2012 were \$1,585,008 and \$1,755,174 respectively.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**

Notes to Financial Statements  
March 31, 2013

**NOTE 21 - 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.

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 \$2,671,978 to the Authority which represents approximately 64% percent of the Authority's total revenue for the fiscal year March 31, 2013 and \$3,184,943 which represents approximately 68% percent for 2012.

Total financial support by HUD for the year ending at March 31, 2013 and 2012 was \$2,671,978 and \$3,184,943, respectively:

		March 31	
	<u>CFDA #'s</u>	<u>2013 Expenditures</u>	<u>2012 Expenditures</u>
<u>PHA Owned Housing</u>			
Low Rent Public Housing	14.850	\$ 711,078	\$ 882,267
Public Housing Capital Fund Program	14.872	375,892	547,502
Subtotal		<u>1,086,970</u>	<u>1,429,769</u>
<u>Rental Assistance Housing Programs</u>			
Housing Choice Vouchers	14.871	1,585,008	1,755,174
Subtotal		<u>1,585,008</u>	<u>1,755,174</u>
 Total Awards		 <u>\$ 2,671,978</u>	 <u>\$ 3,184,943</u>

# HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

## Notes to Financial Statements

March 31, 2013

### **NOTE 22 - CONTINGENCIES**

Litigation – At March 31, 2013, Authority is involved in four (4) legal proceedings, claims, and litigation arising in the ordinary course of business. While the outcome of these matters is currently undeterminable, management does not expect that the ultimate cost to resolve these matters will have a material adverse effect on the Authority's financial position, results of operations or cash flows.

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 23 - 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 22, 2013; 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.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2013**

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

	CFDA#	Expenditures
<b><u>PHA Owned Housing</u></b>		
Low Rent Public Housing	14.850	\$ 711,078
Public Housing Capital Fund Program	14.872	375,892
Subtotal		1,086,970
 <b><u>Rental Assistance Housing Programs</u></b>		
Housing Choice Vouchers	14.871	1,585,008
Subtotal		1,585,008
Total Awards		\$ 2,671,978

**Note 1. Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Housing Authority of the Town of Guttenberg. 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 Housing Authority of the Town of Guttenberg, it is not intended to and does not present the financial position, change in net position, or cash flow of Housing Authority of the Town of Guttenberg.

**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 Housing Authority of the Town of Guttenberg had no loans outstanding at March 31, 2013.

**Note 4. Sub recipients:**

Of the federal expenditures presented in the schedule above, The Housing Authority of the Town of Guttenberg did not provide federal awards to any sub recipients.



**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**  
**BUDGETARY COMPARISON SCHEDULE**  
**LOW INCOME HOUSING PROGRAM**  
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2013**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
<b>Revenue:</b>			
Tenant Rental Revenue	\$ 1,240,039	\$ 1,230,240	\$ 9,799
HUD PHA Operating Grants	855,100	917,604	(62,504)
Other Revenue	50,014	29,500	20,514
Total Revenue	<u>2,145,153</u>	<u>2,177,344</u>	<u>(32,191)</u>
<b>Operating Expenses:</b>			
<b>Administration:</b>			
Administrative Salaries	490,059	406,090	(83,969)
Audit Fee's	4,750	7,090	2,340
Employee Benefit Contributions	251,186	155,034	(96,152)
Other Operating Administrative Expenses	309,305	129,360	(179,945)
Total Administrative Expenses	<u>1,055,300</u>	<u>697,574</u>	<u>(357,726)</u>
<b>Utilities:</b>			
Water	77,641	79,520	1,879
Electricity	198,440	252,680	54,240
Gas	150,665	183,880	33,215
Fuel	3,346	6,000	2,654
Labor	28,391	68,106	39,715
Sewer	130,751	114,380	(16,371)
Employee Benefit Contributions	11,585	26,001	14,416
Total Utilities	<u>600,819</u>	<u>730,567</u>	<u>129,748</u>
<b>Maintenance:</b>			
Maintenance Labor	245,199	247,410	2,211
Materials	143,572	68,000	(75,572)
Maintenance Contract Cost	104,508	104,410	(98)
Employee Benefit Contributions	135,156	94,455	(40,701)
Total Maintenance	<u>628,435</u>	<u>514,275</u>	<u>(114,160)</u>
<b>Protective Services:</b>			
Protective Services Labor	-	50,622	50,622
Protective Services Other	17,237	-	(17,237)
Total Protective Services	<u>17,237</u>	<u>50,622</u>	<u>33,385</u>
<b>Other Operating Expenses:</b>			
Insurance	86,910	92,860	5,950
Payment in Lieu of Taxes	63,546	52,567	(10,979)
Compensated Absences	27,877	-	(27,877)
Bad Debt	2,740	2,500	(240)
Total Other Operating Expenses	<u>181,073</u>	<u>147,927</u>	<u>(33,146)</u>
Total Operating Expenses	<u>2,482,864</u>	<u>2,140,966</u>	<u>(341,898)</u>
Excess Expenses Over Revenue From Operations	<u>(337,711)</u>	<u>36,378</u>	<u>(374,089)</u>
<b>Other Income and (Expenses):</b>			
Interest Income	6,885	5,600	1,285
Building Improvement Purchases	(304,435)	-	(304,435)
Extraordinary Maintenance	-	(30,000)	(30,000)
Total Other Income and (Expenses)	<u>(297,550)</u>	<u>(24,400)</u>	<u>(303,150)</u>
Excess Expenses Over Revenue (Loss)	<u>\$ (635,261)</u>	<u>\$ 11,978</u>	<u>\$ (647,239)</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
BUDGETARY COMPARISON SCHEDULE  
HOUSING CHOICE VOUCHER PROGRAM  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2013**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
<b>Revenue - Annual Contribution Required</b>			
Housing Assistance Payments	\$ 1,429,853	\$ 1,443,816	\$ (13,963)
Administrative Fee	155,155	144,000	11,155
Other Income	235,951	57,522	178,429
Total Revenue	<u>1,820,959</u>	<u>1,645,338</u>	<u>175,621</u>
<b>Operating Expenses:</b>			
Administration:			
Administrative Salaries	85,000	100,602	15,602
Audit Fee's	4,750	3,490	(1,260)
Employee Benefit Contributions	16,393	40,510	24,117
Other Operating Administrative Expenses	67,590	61,920	(5,670)
Total Administrative Expenses	<u>173,733</u>	<u>206,522</u>	<u>32,789</u>
Other Operating Expenses:			
Housing Assistance Payments	2,090,542	1,783,668	(306,874)
Total Other Operating Expenses	<u>2,090,542</u>	<u>1,783,668</u>	<u>(306,874)</u>
Total Operating Expenses	<u>2,264,275</u>	<u>1,990,190</u>	<u>(274,085)</u>
Excess Expenses Over Revenue From Operations	<u>(443,316)</u>	<u>(344,852)</u>	<u>(98,464)</u>
Other Income and (Expenses):			
Investment Income	179	5,000	(4,821)
Special Item- HUD Recapture of NRA Reserves	(45,501)	-	(45,501)
Transfer In From Restricted	451,680	-	451,680
Total Other Income and (Expenses)	<u>406,358</u>	<u>5,000</u>	<u>401,358</u>
Excess Expenses Over Revenue (Loss)	<u>\$ (36,958)</u>	<u>\$ (339,852)</u>	<u>\$ 302,894</u>

See accompanying notes to the financial statements.

## Guttenberg Housing Authority (NJ036)

GUTTENBERG, NJ

## Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$1,169,142	\$33,997	\$1,203,139	\$1,203,139
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$0	\$0	\$0
114 Cash - Tenant Security Deposits	\$83,185		\$83,185	\$83,185
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$1,252,327	\$33,997	\$1,286,324	\$1,286,324
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government		\$38	\$38	\$38
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$31,402		\$31,402	\$31,402
126.1 Allowance for Doubtful Accounts - Tenants	-\$12,980		-\$12,980	-\$12,980
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$18,422	\$38	\$18,460	\$18,460
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$136,588		\$136,588	\$136,588
143 Inventories	\$11,564		\$11,564	\$11,564
143.1 Allowance for Obsolete Inventories	\$0		\$0	\$0
144 Inter Program Due From	\$162,742		\$162,742	\$162,742
145 Assets Held for Sale				
150 Total Current Assets	\$1,581,643	\$34,035	\$1,615,678	\$1,615,678
161 Land	\$533,472		\$533,472	\$533,472
162 Buildings	\$16,205,522		\$16,205,522	\$16,205,522
163 Furniture, Equipment & Machinery - Dwellings	\$356,581		\$356,581	\$356,581
164 Furniture, Equipment & Machinery - Administration	\$246,359		\$246,359	\$246,359
165 Leasehold Improvements	\$892,755		\$892,755	\$892,755
166 Accumulated Depreciation	-\$10,673,357		-\$10,673,357	-\$10,673,357
167 Construction in Progress	\$538,547		\$538,547	\$538,547
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,099,879	\$0	\$8,099,879	\$8,099,879
171 Notes, Loans and Mortgages Receivable - Non-Current				
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	\$8,099,879	\$0	\$8,099,879	\$8,099,879
190 Total Assets	\$9,881,522	\$34,035	\$9,715,557	\$9,715,557
311 Bank Overdraft				

See accompanying notes to the financial statements

## Guttenberg Housing Authority (NJ036)

GUTTENBERG, NJ

## Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
312 Accounts Payable <= 90 Days	\$90,858	\$1,980	\$92,838	\$92,838
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion	\$22,502	\$1,640	\$24,142	\$24,142
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs	\$216,461		\$216,461	\$216,461
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$130,630		\$130,630	\$130,630
341 Tenant Security Deposits	\$83,185		\$83,185	\$83,185
342 Deferred Revenues	\$3,491		\$3,491	\$3,491
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To		\$162,742	\$162,742	\$162,742
348 Loan Liability - Current				
310 Total Current Liabilities	\$547,127	\$166,362	\$713,489	\$713,489
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	\$202,523	\$14,758	\$217,281	\$217,281
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$120,878		\$120,878	\$120,878
350 Total Non-Current Liabilities	\$323,401	\$14,758	\$338,159	\$338,159
300 Total Liabilities	\$870,528	\$181,120	\$1,051,648	\$1,051,648
508.1 Invested In Capital Assets, Net of Related Debt	\$8,099,879	\$0	\$8,099,879	\$8,099,879
511.1 Restricted Net Assets	\$0	\$0	\$0	\$0
512.1 Unrestricted Net Assets	\$711,115	-\$147,085	\$564,030	\$564,030
513 Total Equity/Net Assets	\$8,810,994	-\$147,085	\$8,663,909	\$8,663,909
600 Total Liabilities and Equity/Net Assets	\$9,681,522	\$34,035	\$9,715,557	\$9,715,557

See accompanying notes to the financial statements

## Guttenberg Housing Authority (NJ036)

## GUTTENBERG, NJ

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$1,208,095		\$1,208,095	\$1,208,095
70400 Tenant Revenue - Other	\$31,944		\$31,944	\$31,944
70500 Total Tenant Revenue	\$1,240,039	\$0	\$1,240,039	\$1,240,039
70600 HUD PHA Operating Grants	\$855,100	\$1,585,008	\$2,440,108	\$2,440,108
70610 Capital Grants	\$231,870		\$231,870	\$231,870
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	\$6,885		\$6,885	\$6,885
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$5,335	\$5,263	\$10,598	\$10,598
71500 Other Revenue	\$44,679	\$230,688	\$275,367	\$275,367
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted		\$179	\$179	\$179
70000 Total Revenue	\$2,383,908	\$1,821,138	\$4,205,046	\$4,205,046
91100 Administrative Salaries	\$490,059	\$85,000	\$575,059	\$575,059
91200 Auditing Fees	\$4,750	\$4,750	\$9,500	\$9,500
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$251,186	\$16,393	\$267,579	\$267,579
91600 Office Expenses				
91700 Legal Expense	\$123,464	\$7,000	\$130,464	\$130,464
91800 Travel	\$1,666	\$715	\$2,381	\$2,381
91810 Allocated Overhead				
91900 Other	\$184,175	\$59,875	\$244,050	\$244,050
91000 Total Operating - Administrative	\$1,055,300	\$173,733	\$1,229,033	\$1,229,033
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	\$77,641		\$77,641	\$77,641
93200 Electricity	\$198,440		\$198,440	\$198,440
93300 Gas	\$150,665		\$150,665	\$150,665
93400 Fuel	\$3,346		\$3,346	\$3,346
93500 Labor	\$28,391		\$28,391	\$28,391
93600 Sewer	\$130,751		\$130,751	\$130,751

See accompanying notes to the financial statements

**Guttenberg Housing Authority (NJ036)**  
**GUTTENBERG, NJ**  
**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
93700 Employee Benefit Contributions - Utilities	\$11,585		\$11,585	\$11,585
93800 Other Utilities Expense				
93000 Total Utilities	\$600,819	\$0	\$600,819	\$600,819
94100 Ordinary Maintenance and Operations - Labor	\$245,199		\$245,199	\$245,199
94200 Ordinary Maintenance and Operations - Materials and Other	\$143,572		\$143,572	\$143,572
94300 Ordinary Maintenance and Operations Contracts	\$104,508		\$104,508	\$104,508
94500 Employee Benefit Contributions - Ordinary Maintenance	\$135,156		\$135,156	\$135,156
94000 Total Maintenance	\$628,435	\$0	\$628,435	\$628,435
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$17,237		\$17,237	\$17,237
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$17,237	\$0	\$17,237	\$17,237
96110 Property Insurance	\$35,998		\$35,998	\$35,998
96120 Liability Insurance	\$25,063		\$25,063	\$25,063
96130 Workmen's Compensation	\$21,383		\$21,383	\$21,383
96140 All Other Insurance	\$4,466		\$4,466	\$4,466
96100 Total insurance Premiums	\$86,910	\$0	\$86,910	\$86,910
96200 Other General Expenses				
96210 Compensated Absences	\$27,877		\$27,877	\$27,877
96300 Payments in Lieu of Taxes	\$63,546		\$63,546	\$63,546
96400 Bad debt - Tenant Rents	\$2,740		\$2,740	\$2,740
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$94,163	\$0	\$94,163	\$94,163
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	\$2,482,864	\$173,733	\$2,656,597	\$2,656,597
97000 Excess of Operating Revenue over Operating Expenses	-\$98,956	\$1,647,405	\$1,548,449	\$1,548,449
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$1,929,845	\$1,929,845	\$1,929,845
97350 HAP Portability-In		\$160,697	\$160,697	\$160,697
97400 Depreciation Expense	\$620,946		\$620,946	\$620,946
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$3,103,810	\$2,264,275	\$5,368,085	\$5,368,085

See accompanying notes to the financial statements

**Guttenberg Housing Authority (NJ036)**  
**GUTTENBERG, NJ**  
**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
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)		-\$45,501	-\$45,501	-\$45,501
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	-\$45,501	-\$45,501	-\$45,501
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$719,902	-\$488,638	-\$1,208,540	-\$1,208,540
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$9,530,896	\$341,553	\$9,872,449	\$9,872,449
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0	\$0
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		-\$147,085	-\$147,085	-\$147,085
11180 Housing Assistance Payments Equity		\$0	\$0	\$0
11190 Unit Months Available	3012	2376	5388	5388
11210 Number of Unit Months Leased	3010	2221	5231	5231
11270 Excess Cash	\$691,461		\$691,461	\$691,461
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$218,723		\$218,723	\$218,723
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$13,147		\$13,147	\$13,147
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

See accompanying notes to the financial statements

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG  
STATEMENT AND CERTIFICATION OF  
ACTUAL CAPITAL FUND GRANT COST  
AS OF MARCH 31, 2013**

	NJ39PO36-501-10		
	Budget	Actual Cost	Overrun
Operations	\$ 101,033	\$ 101,033	\$ -
Management Improvements	19,535	19,535	-
Administration	50,516	50,516	-
Fees & Cost	53,061	53,061	-
Dwelling Structure	272,591	272,591	-
Nondwelling Equipment	8,433	8,433	-
<b>Total</b>	<b>\$ 505,169</b>	<b>\$ 505,169</b>	<b>\$ -</b>
Funds Advanced	\$ 505,169		
Funds Expended	505,169		
Excess of Funds Advanced	\$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-10 was completed on October 11, 2012.
4. There were no budget overruns noted.

See accompanying notes to the financial statements.





Hymanson, Parnes & Giampaolo

Certified Public Accountants

tele: 732-842-4550

467 Middletown-Lincroft Rd.

fax: 732-842-4551

Lincroft, NJ 07738

**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  
Housing Authority of the Town of Guttenberg  
6900 Broadway  
Guttenberg, New Jersey 07093

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 Housing Authority of the Town of Guttenberg (hereafter referred to as the Authority), which comprise the statement of net position as of March 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 22, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Housing Authority of the Town of Guttenberg'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 Housing Authority of the Town of Guttenberg’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 Housing Authority of the Town of Guttenberg’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 Housing Authority of the Town of Guttenberg’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey

Date: August 22, 2013



*Hymanson, Parnes & Giampaolo*

*Certified Public Accountants*

tele: 732-842-4550

467 Middletown-Lincroft Rd.

fax: 732-842-4551

Lincroft, NJ 07738

**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  
Housing Authority of the Town of Guttenberg  
6900 Broadway  
Guttenberg, New Jersey 07093

**Report on Compliance**

We have audited Housing Authority of the Town of Guttenberg'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 Housing Authority of the Town of Guttenberg'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 Housing Authority of the Town of Guttenberg'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 Housing Authority of the Town of Guttenberg's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, Housing Authority of the Town of Guttenberg 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 March 31, 2013.

## **Report on Internal Control Over Compliance**

Management of Housing Authority of the Town of Guttenberg 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 22, 2013

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG**

Schedule of Findings and Questioned Cost

Year Ended March 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 Housing Authority of the Town of Guttenberg.
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 Housing Authority of the Town of Guttenberg 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 Low Rent Public Housing 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. Low Rent Public Housing Program, CFDA#14.850 with expenditures of \$711,078
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Housing Authority of the Town of Guttenberg 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*

## *Certified Public Accountants*

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

467 Middletown-Lincroft Rd.  
Lincroft, NJ 07738

### **Independent Accountant's Report on Agreed-Upon Procedures**

Board of Commissioners  
Housing Authority of the Town of Guttenberg  
6900 Broadway  
Guttenberg, New Jersey 07093

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the Town of Guttenberg 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 March 31, 2013, and have issued our report thereon dated August 22, 2013. 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 March 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 Housing Authority of the Town of Guttenberg 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 22, 2013

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>	<b>Hymanson Parnes &amp; Giampaolo</b>
<u>Employer Identification Number</u>	<b>22-3554220</b>
<u>Date</u>	<b>August 22, 2013</b>
<u>UII#</u>	<b>#66170</b>
<u>Contact First Name</u>	<b>Anthony</b>
<u>Contact Middle Initial</u>	<b>J.</b>
<u>Contact Last Name</u>	<b>Giampaolo, C.P.A</b>
<u>Street Address Line 1</u>	<b>467 Middletown-Lincroft Rd.</b>
<u>Street Address Line 2</u>	
<u>County</u>	<b>Lincroft</b>
<u>State</u>	<b>New Jersey</b>
<u>Zip Code</u>	<b>07738</b>
<u>Telephone</u>	<b>732-842-4550</b>