

HOUSING AUTHORITY OF THE  
BOROUGH OF BELMAR  
Belmar, New Jersey

FINANCIAL STATEMENTS  
For the Years Ended  
September 30, 2013 and 2012

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
Belmar, New Jersey  
FINANCIAL STATEMENTS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Housing Authority of the Borough of Belmar

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

#### **A - Financial Highlights**

1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$847,754 (net position) as opposed to \$902,636 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of \$256,520.

3 – The Authority's cash and cash equivalent balance at September 30, 2013 was \$279,945 representing an increase of \$225,166 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of \$336,219 and Total Operating Expenses of \$416,266 for the year ended September 30, 2013.

5 – The Authority's capital outlays for the fiscal year were \$13,401.

#### **B – Using the Annual Report**

##### **1 – Management's Discussion and Analysis**

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

##### **2 – General Purpose Financial Statements**

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Comparative Statement of Cash Flows.

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **B – Using the Annual Report (Continued)**

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 8 through 10.

### **3 – Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found in this report after the financial statements.

### **C – The Authority as a Whole**

The Authority's Net Assets decreased during the fiscal year as detailed below. The Authority's revenues are primarily 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 sufficient to cover all expenses, excluding depreciation during the fiscal year.

By far, the largest portion of the Authority's net assets reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

### **D – Budgetary Highlights**

For the year ended September 30, 2013, individual program or grant budgets were prepared by the Authority and were approved 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.

As indicated by the excess of expenses over revenues, the Authority's net assets decreased during the fiscal year.

### **E – Capital Assets and Debt Administration**

#### Capital Assets

As of September 30, 2013 the Authority's investments in capital assets for its Proprietary Fund was \$715,482 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$33,794 during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Program. These activities are funded by grants from HUD.

Additional information on the Authority's capital assets can be found in Note 3 to the Financial Statements which is included in this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **E – Capital Assets and Debt Administration (Continued)**

#### Long Term Debt

During the fiscal year ended September 30, 2004, the Authority entered into a Capital Fund Leveraging Pool. The New Jersey Housing and Mortgage Finance Agency issued bonds and the funds were distributed to the Housing Authority. In December 2004, the Authority received \$194,514 to be used for capital improvements to its buildings. Further details can be found in the Notes to the financial statements.

### **F – Summary of significant changes from September 30, 2012 to September 30, 2013**

Investments decreased \$25,819 because the Authority liquidated one of its certificates of deposit and deposited the funds in its operating account. This is also the primary reason unrestricted cash increased \$38,667

Accounts Receivable from HUD decreased \$40,190. The Authority collected last year's balance of \$73,218. \$37,826 was related to capital fund and \$35,392 was for operating subsidy. The \$33,028 current year balance represents operating subsidy due from HUD.

Operating revenue remained relatively flat, increasing only \$4,537 (1.4%) to \$336,219. Rental income decreased \$561, HUD operating grants increased \$5,060, and other income increased \$38.

Total operating expenses increased \$20,912 (5.3%) to \$416, 266.

- Administration expenses increased \$4,076.
- Tenant services expenses increased \$1,408.
- Utilities expenses increased \$227.
- Ordinary maintenance and operations expenses increased \$32,051 as the Authority made more repairs during the current fiscal year when compared to the prior year.
- General expenses increased \$2,681.
- Interest expense decreased \$235.
- Depreciation and amortization expense decreased \$19,296.

### **G – Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2014.

- 1 – The state of economy, particularly in light of current world affairs.
- 2 – The need for Congress to fund the war on terrorism and the possible cut-back on HUD subsidies and grants.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### G – Economic Factors and Next Year's Budgets and Rates (Continued)

3 – The use of the Authority's unrestricted net assets to fund any shortfalls rising from a possible economic downturn and reduced subsidies and grants. The Authority's unrestricted net assets appear sufficient to cover any shortfall.

### H – Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the Borough of Belmar, 710 8<sup>th</sup> Avenue, Belmar, New Jersey 07719, or call (732) 681-1795.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Composition of Net Position is as follows:

	<u>Year Ended</u>	
	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>
Cash and Other Assets	\$ 336,525	\$ 361,197
Capital Assets - Net	<u>715,482</u>	<u>747,882</u>
Total Assets	1,052,007	1,109,079
Less: Total Liabilities	<u>204,253</u>	<u>206,443</u>
Net Assets	<u>\$ 847,754</u>	<u>\$ 902,636</u>
Invested in Capital Assets	590,482	612,882
Restricted Net Position	752	748
Unrestricted Net Position	<u>256,520</u>	<u>289,006</u>
Total Net Assets	<u>\$ 847,754</u>	<u>\$ 902,636</u>

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>	
	<u>Sep 30, 2013</u>	<u>Sep 30, 2012</u>
<u>Revenues</u>		
Tenant Revenues	\$ 214,454	\$ 215,015
HUD Subsidies	113,390	108,330
Other Income	<u>8,375</u>	<u>8,337</u>
Total Operating Revenues	<u>336,219</u>	<u>331,682</u>
<u>Expenses</u>		
Total Operating Expenses	370,465	330,257
Depreciation and Amortization Expense	<u>45,801</u>	<u>65,097</u>
Total Operating Expenses	<u>416,266</u>	<u>395,354</u>
Excess/(Deficiency) of Operating Revenues Over Expenses	(80,047)	(63,672)
<u>Non-Operating Income/(Expenses)</u>		
Interest on Investments	<u>1,764</u>	<u>1,837</u>
Excess of Revenues over Expenses Before Capital Grant Received	(78,283)	(61,835)
<u>Capital Grants</u>		
HUD Capital Grants	<u>15,338</u>	<u>43,794</u>
Excess/(Deficiency) of Revenues Over Expenses	(62,945)	(18,041)
Net Position - Prior Year	902,636	920,677
Prior Period Adjustment	<u>8,063</u>	<u>-</u>
Total Net Position	<u>\$ 847,754</u>	<u>\$ 902,636</u>



**CERTIFIED PUBLIC ACCOUNTANTS**

2035 HAMBURG TURNPIKE, UNIT H

WAYNE, NEW JERSEY 07470

TELEPHONE: (973) 831-6969

FAX: (973) 831-6972

E-MAIL: POLCARICO@OPTONLINE.NET

INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Housing Authority of the Borough of Belmar  
Belmar, New Jersey

We have audited the accompanying financial statements of the Housing Authority of the Borough of Belmar ("the Authority") as of and for the years ended September 30, 2013 and 2012 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents.

**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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the entity'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 entity'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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Borough of Belmar, as of September 30, 2013 and 2012, and the results of its operations, and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.



## INDEPENDENT AUDITORS' REPORT

(Continued)

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic 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 generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the 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.

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the Borough of Belmar. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The financial data schedule and schedule of expenditures of federal awards are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such 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 general accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2014 on our consideration of the Housing Authority of the Borough of Belmar's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
June 6, 2014

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
 Belmar, New Jersey  
COMPARATIVE STATEMENTS OF NET POSITION  
 At September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 76,227	\$ 37,560
Cash - Restricted	752	748
Cash - Tenant Security Deposit	16,406	16,471
Investments	186,560	212,379
Accounts Receivable - Tenants (Net of Allowance of \$2,754 ) and \$1,528 respectively)	11,015	8,672
Accounts Receivable - HUD	33,028	73,218
Accrued Interest Receivable	-	38
Prepaid Expenses	12,537	12,111
Total Current Assets	336,525	361,197
<u>CAPITAL ASSETS</u>		
Land	70,125	70,125
Buildings	2,588,494	2,571,643
Furniture, Equipment and Machinery - Admin	23,044	23,044
Leasehold Improvements	85,766	80,666
Construction in Progress	43,209	51,759
Total Fixed Assets	2,810,638	2,797,237
Less: Accumulated Depreciation	(2,095,156)	(2,049,355)
Net Fixed Assets	715,482	747,882
Total Assets	\$ 1,052,007	\$ 1,109,079
<u>LIABILITIES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 33,117	\$ 25,396
Others	1,559	1,512
Due to Tenants:		
Security Deposits	16,406	16,471
Accrued Liabilities:		
Accrued Interest Payable	1,995	2,128
Payment in Lieu of Taxes	23,997	24,076
Deferred Revenues:		
Tenant Prepaid Rents	2,179	1,860
Current Portion Long Term Debt	10,000	10,000
Total Current Liabilities	89,253	81,443
<u>LONG TERM LIABILITIES</u>		
Long Term Debt	115,000	125,000
Total Long Term Liabilities	115,000	125,000
Total Liabilities	204,253	206,443
<u>NET POSITION</u>		
Invested in Capital Assets Net of Related Debt	590,482	612,882
Restricted Net Position	752	748
Unrestricted Net Position	256,520	289,006
Total Net Position	847,754	902,636

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
 Belmar, New Jersey  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>REVENUES</u>		
Dwelling Rentals	\$ 214,454	\$ 215,015
HUD Operating Grants	113,390	108,330
Other Income	8,375	8,337
Total Revenues	336,219	331,682
<u>EXPENSES</u>		
Administration	93,126	89,050
Tenant Services	3,086	1,678
Utilities	86,004	85,777
Ordinary Maintenance & Operations	147,563	115,512
General Expense	34,821	32,140
Interest on Notes Payable	5,865	6,100
Depreciation and Amortization Expense	45,801	65,097
Total Operating Expenses	416,266	395,354
 <b>EXCESS OF OPERATING REVENUE OVER EXPENSES</b>	 <b>(80,047)</b>	 <b>(63,672)</b>
 Non Operating Revenues/(Expenses):		
Interest Income - Unrestricted	1,764	1,837
 Income/(Loss) Before Contributions and Transfers	 (78,283)	 (61,835)
 Capital Grants	 15,338	 43,794
 <b>CHANGE IN NET POSITION</b>	 <b>(62,945)</b>	 <b>(18,041)</b>
 Beginning Net Position	 902,636	 920,677
Prior Period Adjustments	8,063	-
 Ending Net Position	 \$ 847,754	 \$ 902,636

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
 Belmar, New Jersey  
COMPARATIVE STATEMENTS OF CASH FLOWS  
 For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 217,828	\$ 213,766
From Government Agencies for Operating Grants	153,580	62,131
For Other Operating Revenues	2,589	8,337
Cash Paid:		
To Employees for Operations	(81,867)	(80,094)
To Suppliers for Operations	(281,042)	(247,131)
Net Cash Provided by Operating Activities	11,088	(42,991)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Capital Grants Received	15,338	43,794
Repayment of Long Term Debt	(10,000)	(10,000)
Acquisition of Property & Equipment	(5,338)	(33,794)
Net Cash Provided/(Used) by Financing Activities	-	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	1,764	1,837
Decrease/(Increase) in Investments	25,819	4,739
Receipt of Tenant Security Deposits	(65)	2,424
Net Cash Provided by Investing Activities	27,518	9,000
Net Increase/(Decrease) in Cash and Cash Equivalents	38,606	(33,991)
Cash and Equivalents at Beginning of Period	54,779	88,770
Cash and Equivalents at End of Period	\$ 93,385	\$ 54,779
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) IN OPERATIONS</u>		
Operating Income/(Loss)	\$ (80,047)	\$ (63,672)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities		
Depreciation	45,801	61,462
Amortization	-	3,635
Decrease/(Increase) in Assets		
Accounts Receivable - Tenants	(2,343)	(2,548)
Accounts Receivable HUD	40,190	(46,199)
Accrued Interest Receivable	38	330
Prepaid Expenses	(426)	(181)
Increase/(Decrease) in Liabilities		
Accounts Payable	7,721	3,166
Accrued Wages & Related Taxes	47	132
Accrued Interest Payable	(133)	(128)
PILOT Payable	(79)	(287)
Deferred Revenues	319	1,299
Net Cash Provided by Operating Activities	\$ 11,088	\$ (42,991)

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

**A. Organization** – The Housing Authority of the Borough of Belmar (The Authority) is a governmental, public corporation created under the laws of the state of New Jersey to provide housing for qualified individuals in accordance with rules and regulations prescribed by the United States Department of Housing and Urban Development. The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the New Jersey Department of Community Affairs. An Executive Director is appointed by the Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Borough of Belmar. Operating and modernization subsidies are provided to the Authority by the federal government.

**B. Activities** – The combined 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, 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 not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

**C. Significant Accounting Policies**

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

**Revenue** – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development, charges to tenants and other miscellaneous revenues discussed below.

**Federal Grant Revenue** – Operating subsidies, Housing Choice Voucher housing assistance grants and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule, or under the Capital Fund Program, as funds are expended funds are received.

**Tenant Charges** – Rental charges to tenants are determined and billed monthly and are recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in the balance sheet as accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as deferred revenue.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013  
(Continued)

**C. Significant Accounting Policies - Continued**

Miscellaneous Income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available.

**b. Report Presentation** – Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus” and Statement No. 38 “Certain Financial Statement Note Disclosures”, which supplements Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that include a statement of net assets, a statement of activities and a statement of cash flows. It requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets. Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources, and Net Position” requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

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

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

Unrestricted Net Position – This component consists of net position that does not meet the definition of Restricted Net Position or Invested in Net Fixed Assets Assets, Net of Related Debt.

The adoption of Governmental Accounting Standards Board Statements 34, 37, 38 and 63 have no significant effect on the basic financial statements, except for the classification of net assets in accordance with Statement No. 34.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013  
(Continued)

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):**

Significant Accounting Policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash, certificates of deposit, and other investments with original maturities of less than three months from the date of purchase.

Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

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

3 – 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 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

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

7 – The costs of accumulated unpaid compensated absences, including fringe benefits, are reported in the period earned rather than in the period paid.

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

9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower cost or market.

10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

11 – 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 Procedures issued after November 30, 1989.

12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013  
 (Continued)

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):**

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

14– Long-lived assets to be held and used are tested for recoverability whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of September 30, 2013 and 2012, the Authority has not recognized any reduction in the carrying value of its fixed assets when considering SFAS 144

15- The Authority has elected early implementation of GASB 65. Under GASB 65, debt issuance costs are expensed in the current period. This represents a significant change from the previous practice which was to record these costs as assets and amortize them over the life of the related debt.

**c. Budgetary 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 Authority's Board of Commissioners. Once adopted, the Board 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.

**NOTE 2 – Cash and Cash Equivalents**

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

Cash and Cash Equivalents of \$93,385 at September 30, 2013 and \$54,779 at September 30, 2012, consisted of the following:

	<u>Sep 2013</u>	<u>Sep 2012</u>
Checking Accounts	\$ 76,177	\$ 37,510
Security Deposits	16,406	16,471
CFP Leveraging Trust Accounts	752	748
Petty Cash	<u>50</u>	<u>50</u>
Total Cash and Equivalents	<u>\$ 93,385</u>	<u>\$ 54,779</u>

The carrying amount of the Authority's cash and cash equivalents on deposit at financial institutions as of September 30, 2013 was \$93,335 and the bank balances were \$95,663. Of the bank balances, all \$95,663 was covered by FDIC insurance.



HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013  
(Continued)

**NOTE 3 - Fixed Assets**

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost less accumulated depreciation. The following is a summary of the changes in fixed assets for the years ended September 30, 2013 and 2012.

	<u>Sep. 30, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Sep. 30, 2013</u>
Land	\$ 70,125	\$ -	\$ -	\$ -	\$ 70,125
Buildings	2,571,643	-	-	16,851	2,588,494
Furniture and Equipment	23,044	-	-	-	23,044
Leasehold Improvements	80,666	-	-	5,100	85,766
Construction in Progress	51,759	13,401	-	(21,951)	43,209
Total Fixed Assets	2,797,237	13,401	-	-	2,810,638
Accumulated Depreciation	(2,049,355)	(45,801)	-	-	(2,095,156)
Net Fixed Assets	<u>\$ 747,882</u>	<u>\$ (32,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,482</u>

	<u>Sep. 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Sep. 30, 2012</u>
Land	\$ 70,125	\$ -	\$ -	\$ -	\$ 70,125
Buildings	2,559,090	-	-	12,553	2,571,643
Furniture and Equipment	23,044	-	-	-	23,044
Leasehold Improvements	80,666	-	-	-	80,666
Construction in Progress	30,518	33,794	-	(12,553)	51,759
Total Fixed Assets	2,763,443	33,794	-	-	2,797,237
Accumulated Depreciation	(1,987,893)	(61,462)	-	-	(2,049,355)
Net Fixed Assets	<u>\$ 775,550</u>	<u>\$ (27,668)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,882</u>

Expenditures are capitalized when they meet the Capitalization Policy requirements. Under that policy assets purchased or constructed at a cost not to exceed \$1,000 are expensed when incurred.

Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings	40
Components	20
Site Improvements	20
Furniture	5
Equipment	5
Vehicles	5
Computers	3

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013  
(Continued)

**NOTE 4 – Payment in Lieu of Taxes (PILOT)**

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 Borough of Belmar. 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.

During the fiscal years ended September 30, 2013 and September 30, 2012, PILOT expense of \$12,845 and \$12,924, respectively, was accrued. PILOT payable was \$23,997 at September 30, 2013 and \$24,076 at September 30, 2012.

**NOTE 5 – Accrued Compensated Absences**

Accrued compensated absences represents amounts to which employees are entitled based on accumulated leave earned in accordance with the authority's Personnel Policy. The housing authority policy states that employees may carry forward unused vacation to the next succeeding year only while sick leave may be accumulated not to exceed 120 days. Employees may be compensated for unused vacation leave at the time of separation but may not be compensated for accrued sick leave at retirement or termination. There is no accrual for unused vacation leave at September 30, 2013 or 2012 because there are no eligible employees per the of Authority's Personnel Policy.

**NOTE 6 – Pension Plan**

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

Contributions are made both by employees and by the Authority. Required employee contributions to the system are based on a flat rate which is determined by the New Jersey Division of Pension for active plan members. Benefits paid to retired employees are based on length of service, latest earnings and veteran status. Authority contributions to the system are determined by the PERS and are billed annually to the Authority. The Authority was required to make a contribution of \$8,721 to the system during the audit period.

The state of New Jersey, Department of the 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 the Treasury, Division of Pensions and Benefits, P. O. Box 295, Trenton, New Jersey 08625-0295.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013  
 (Continued)

**NOTE 7 – Long Term Debt**

During the fiscal year ended September 30, 2006, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2004 Series A. The Authority's share of the funds from the bond issue pool amounted to \$200,000. The related closing costs of \$5,486 are to be amortized over the life of the bonds (twenty years). The net funds received from the leveraging pool are restricted and must be spent in accordance with the Authority's Capital Fund Budget within four years.

Repayment of the funds leveraged shall be budgeted from Capital Fund Allocations received by the Authority from the Department of Housing and Urban Development.

The following is a schedule of required principal payments for the next five years and thereafter:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	10,000	5,490	15,490
2015	10,000	5,105	15,105
2016	10,000	4,679	14,679
2017	10,000	4,242	14,242
2018	10,000	3,805	13,805
2019-2023	50,000	12,290	62,290
2024-2025	25,000	1,764	26,764
	<u>\$ 125,000</u>	<u>\$ 37,375</u>	<u>\$ 162,375</u>

**NOTE 8 – Risk Management**

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the year ended September 30, 2013 and September 30, 2012 the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public officials' errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

**NOTE 9 – Construction Commitments**

At September 30, 2013 and September 30, 2012 the authority's outstanding construction commitments pertaining to its capital fund were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the authority by the U.S. Department of Housing and Urban Development.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013  
(Continued)

**NOTE 10 – Prior Period Adjustments**

The prior period adjustment at September 30, 2013 is to re-class capital fund program soft costs to hard costs.

**NOTE 11 – Economic Dependency**

For the year ended September 30, 2013 and September 30, 2012 a substantial portion of the Authority's revenues were received from the U.S. Dept. Housing & Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

**NOTE 12– Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through June 6, 2014, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
 Belmar, New Jersey  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended September 30, 2013

	Beginning Balance	Revenue Recognized	Expenditures	Ending Balance
 <u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA # 14.850)	\$ -	\$ 105,928	\$ 105,928	\$ -
Capital Fund Program (CFDA # 14.872)	\$ -	22,800	22,800	\$ -
 TOTAL FEDERAL FINANCIAL ASSISTANCE	 \$ -	 \$ 128,728	 \$ 128,728	 \$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.
  
2. There were no subrecipient activities during the audit period.

## Belmar Housing Authority (NJ057)

BELMAR, NJ

## Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 9/30/2013

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$76,227	\$76,227	\$76,227
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted	\$752	\$752	\$752
114 Cash - Tenant Security Deposits	\$16,406	\$16,406	\$16,406
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$93,385	\$93,385	\$93,385
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$33,028	\$33,028	\$33,028
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous	\$5,824	\$5,824	\$5,824
126 Accounts Receivable - Tenants	\$7,945	\$7,945	\$7,945
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,754	-\$2,754	-\$2,754
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	\$44,043	\$44,043	\$44,043
131 Investments - Unrestricted	\$186,560	\$186,560	\$186,560
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$12,537	\$12,537	\$12,537
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$336,525	\$336,525	\$336,525
161 Land	\$70,125	\$70,125	\$70,125
162 Buildings	\$2,588,494	\$2,588,494	\$2,588,494
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$23,044	\$23,044	\$23,044
165 Leasehold Improvements	\$85,766	\$85,766	\$85,766
166 Accumulated Depreciation	-\$2,095,156	-\$2,095,156	-\$2,095,156
167 Construction in Progress	\$43,209	\$43,209	\$43,209
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$715,482	\$715,482	\$715,482
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			

Belmar Housing Authority (NJ057)  
BELMAR, NJ

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Non-A-133

Fiscal Year End: 9/30/2013

	Project Total	Subtotal	Total
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$715,482	\$715,482	\$715,482
190 Total Assets	\$1,052,007	\$1,052,007	\$1,052,007
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$33,117	\$33,117	\$33,117
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$1,559	\$1,559	\$1,559
322 Accrued Compensated Absences - Current Portion			
324 Accrued Contingency Liability			
325 Accrued Interest Payable	\$1,995	\$1,995	\$1,995
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$23,997	\$23,997	\$23,997
341 Tenant Security Deposits	\$16,406	\$16,406	\$16,406
342 Deferred Revenues	\$2,179	\$2,179	\$2,179
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$10,000	\$10,000	\$10,000
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$89,253	\$89,253	\$89,253
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$115,000	\$115,000	\$115,000
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$115,000	\$115,000	\$115,000
300 Total Liabilities	\$204,253	\$204,253	\$204,253
508.1 Invested In Capital Assets, Net of Related Debt	\$590,482	\$590,482	\$590,482
511.1 Restricted Net Assets	\$752	\$752	\$752
512.1 Unrestricted Net Assets	\$256,520	\$256,520	\$256,520
513 Total Equity/Net Assets	\$847,754	\$847,754	\$847,754
600 Total Liabilities and Equity/Net Assets	\$1,052,007	\$1,052,007	\$1,052,007

## Belmar Housing Authority (NJ057)

BELMAR, NJ

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 9/30/2013

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$212,309	\$212,309	\$212,309
70400 Tenant Revenue - Other	\$2,145	\$2,145	\$2,145
70500 Total Tenant Revenue	\$214,454	\$214,454	\$214,454
70600 HUD PHA Operating Grants	\$113,390	\$113,390	\$113,390
70610 Capital Grants	\$15,338	\$15,338	\$15,338
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$1,764	\$1,764	\$1,764
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$8,375	\$8,375	\$8,375
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$353,321	\$353,321	\$353,321
91100 Administrative Salaries	\$49,710	\$49,710	\$49,710
91200 Auditing Fees	\$6,686	\$6,686	\$6,686
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$12,416	\$12,416	\$12,416
91600 Office Expenses	\$6,144	\$6,144	\$6,144
91700 Legal Expense			
91800 Travel	\$2,318	\$2,318	\$2,318
91810 Allocated Overhead			
91900 Other	\$15,852	\$15,852	\$15,852
91000 Total Operating - Administrative	\$93,126	\$93,126	\$93,126
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$3,086	\$3,086	\$3,086
92500 Total Tenant Services	\$3,086	\$3,086	\$3,086
93100 Water	\$15,886	\$15,886	\$15,886
93200 Electricity	\$35,061	\$35,061	\$35,061



Belmar Housing Authority (NJ057)

BELMAR, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 9/30/2013

	Project Total	Subtotal	Total
93300 Gas	\$35,057	\$35,057	\$35,057
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$86,004	\$86,004	\$86,004
94100 Ordinary Maintenance and Operations - Labor	\$32,204	\$32,204	\$32,204
94200 Ordinary Maintenance and Operations - Materials and Other	\$21,879	\$21,879	\$21,879
94300 Ordinary Maintenance and Operations Contracts	\$69,686	\$69,686	\$69,686
94500 Employee Benefit Contributions - Ordinary Maintenance	\$23,794	\$23,794	\$23,794
94000 Total Maintenance	\$147,563	\$147,563	\$147,563
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$8,426	\$8,426	\$8,426
96120 Liability Insurance	\$4,993	\$4,993	\$4,993
96130 Workmen's Compensation	\$4,876	\$4,876	\$4,876
96140 All Other Insurance	\$42	\$42	\$42
96100 Total Insurance Premiums	\$18,337	\$18,337	\$18,337
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes	\$12,845	\$12,845	\$12,845
96400 Bad debt - Tenant Rents	\$3,639	\$3,639	\$3,639
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$16,484	\$16,484	\$16,484
96710 Interest of Mortgage (or Bonds) Payable	\$5,865	\$5,865	\$5,865
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$5,865	\$5,865	\$5,865
96900 Total Operating Expenses	\$370,465	\$370,465	\$370,465
97000 Excess of Operating Revenue over Operating Expenses	-\$17,144	-\$17,144	-\$17,144
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			

Belmar Housing Authority (NJ057)

BELMAR, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non-A-133

Fiscal Year End: 9/30/2013

	Project Total	Subtotal	Total
97350 HAP Portability-In			
97400 Depreciation Expense	\$45,801	\$45,801	\$45,801
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$416,266	\$416,266	\$416,266
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$62,945	-\$62,945	-\$62,945
11020 Required Annual Debt Principal Payments	\$10,000	\$10,000	\$10,000
11030 Beginning Equity	\$902,636	\$902,636	\$902,636
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$8,063	\$8,063	\$8,063
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			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	588	588	588
11210 Number of Unit Months Leased	573	573	573
11270 Excess Cash	\$203,285	\$203,285	\$203,285
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$5,338	\$5,338	\$5,338
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$15,865	\$15,865	\$15,865
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
 Belmar, New Jersey  
STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS  
 As of September 30, 2013

	<u>CFP 2011</u> <u>NJ39P057501-11</u>	<u>Total</u>
Funds Approved	\$ 46,130	\$ 46,130
Funds Expended	<u>46,130</u>	<u>46,130</u>
Excess/(Deficiency) Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 46,130	\$ 46,130
Funds Expended	<u>46,130</u>	<u>46,130</u>
Excess/(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>

1. The distribution of cost by project and account classification accompanying the Financial Status Reports and Actual Modernization Cost Certificate submitted to HUD for approval were in agreement with the Authority's records.
2. All modernization costs have been paid and all related liabilities have been discharged through payment.
3. The actual modernization cost certificates submitted to HUD are in agreement with the Authority's records.



**CERTIFIED PUBLIC ACCOUNTANTS**

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2035 HAMBURG TURNPIKE, UNIT H  
WAYNE, NEW JERSEY 07470  
TELEPHONE: (973) 831-6969  
FAX: (973) 831-6972  
E-MAIL: POLCARICO@OPTONLINE.NET

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

Board of Commissioners  
Housing Authority of the Borough of Belmar  
Belmar, New Jersey

We have audited, 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 Controller General of the United States, the financial statements of the Housing Authority of the Borough of Belmar as of and for the year ended September 30, 2013 and have issued our report thereon dated June 6, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Borough of Belmar's internal control over financial reporting as a basis for designing our audit 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

(Continued)

**Compliance**

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

**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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
June 6, 2014

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR  
Belmar, New Jersey  
September 30, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PRIOR AUDIT FINDINGS

The prior audit contained no findings.

CURRENT AUDIT FINDINGS

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Housing Authority of the Borough of Belmar.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Housing Authority of the Borough of Belmar's financial statements for the year ended September 30, 2013.
3. No instances of noncompliance material to the financial statements of the Housing Authority of the Borough of Belmar were disclosed during the audit.
4. The Housing Authority of the Borough of Belmar was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.