

CARTERET HOUSING AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011**

**CARTERET HOUSING AUTHORITY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Carteret Housing Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Carteret Housing Authority ("the Authority") as of and for the years ended December 31, 2012 and 2011, 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 opinions 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT (continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Carteret Housing Authority as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows for the years 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 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 basic 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 audits 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carteret Housing Authority's basic financial statements. The schedule of expenditures of federal awards, as required by 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 basic financial statements. The accompanying financial data schedule and schedule of capital fund program costs and advances are also not required parts of the financial statements and are presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards, financial data schedule and schedule of capital fund program costs and advances are the responsibility of management and were derived from and relates directly 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, financial data schedule and schedule of capital fund program costs and advances are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 12, 2013 on our consideration of the Carteret Housing Authority'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 Carteret Housing Authority's internal control over financial reporting and compliance.

July 12, 2013
Toms River, New Jersey

Fallon & Larsen LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2012**

As Management of the Carteret Housing Authority ("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 December 31, 2012. 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 \$4,972,813 (net position) as opposed to \$6,090,253 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 \$1,152,454.
3. The Authority's cash and cash equivalent balance (including restricted cash) at December 31, 2012 was \$2,050,641 representing a decrease of \$312,750 from the prior fiscal year.
4. The Authority had total operating revenues of \$8,410,565 and total operating expenses of \$9,229,174 for the year ended December 31 2012.
5. The Authority's capital outlays for the fiscal year were \$10,733.
6. The Authority's expenditures of federal awards amounted to \$7,525,310 for the fiscal year.

B. Using the Annual Report

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic 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.

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2012**

B. Using the Annual Report (continued)

2. Basic Financial Statements

The basic 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 Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows.

The Statements of Net Position present information on all the Authority's assets and liabilities, with the difference between the two reported as net position. 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 Statements of Revenues, Expenses and Changes in Net Position present 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).

The Statements of Cash Flows presents relevant information about the Authority's cash receipts and cash payments during the year.

The basic 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 basic financial statements can be found on pages 11 - 14 in this report.

3. Notes to Financial Statements

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

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2012**

B. Using the Annual Report (continued)

4. Supplemental Information

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. The Schedule of Expenditures of Federal Awards can be found on page 33 of this report.

C. The Authority as a Whole

The Authority's net position decreased during the fiscal year as detailed on the next page. 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 not sufficient to cover all expenses, excluding depreciation expense during the fiscal year.

By far, the largest portion of the Authority's net position 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 for its tenants consequently these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

Computations of Net Position are as follows:

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Cash and other assets	\$ 1,616,077	\$ 1,688,785	\$ (72,708)
Restricted cash	461,902	708,186	(246,284)
Capital assets, net	<u>4,863,457</u>	<u>5,669,275</u>	<u>(805,818)</u>
Total assets	6,941,436	8,066,246	(1,124,810)
Less: Total liabilities	<u>1,968,623</u>	<u>1,975,993</u>	<u>(7,370)</u>
Net position	<u>\$ 4,972,813</u>	<u>\$ 6,090,253</u>	<u>\$ (1,117,440)</u>

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2012**

Components of Net Position are as follows:

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Net Investment in capital assets	\$ 3,358,457	\$ 4,074,275	\$ (715,818)
Restricted net position	461,902	708,186	(246,284)
Unrestricted net position	<u>1,152,454</u>	<u>1,307,792</u>	<u>(155,338)</u>
Net position	<u>\$ 4,972,813</u>	<u>\$ 6,090,253</u>	<u>\$ (1,117,440)</u>

Computations of Changes in Net Position are as follows:

	<u>2012</u>	<u>2011</u>	<u>Change</u>
<u>Revenues</u>			
Tenant revenues	\$ 1,094,077	\$ 1,053,458	\$ 40,619
HUD operating grants	6,750,377	7,105,705	(355,328)
Other revenues	<u>566,111</u>	<u>581,708</u>	<u>(15,597)</u>
Total operating revenues	<u>8,410,565</u>	<u>8,740,871</u>	<u>(330,306)</u>
<u>Expenses</u>			
Other operating expenses	3,091,177	3,037,413	53,764
Housing assistance payments	5,711,588	5,852,236	(140,648)
Depreciation expense	<u>426,409</u>	<u>398,415</u>	<u>27,994</u>
Total operating expenses	<u>9,229,174</u>	<u>9,288,064</u>	<u>(58,890)</u>
Operating gain (loss)	<u>(818,609)</u>	<u>(547,193)</u>	<u>(271,416)</u>
Non operating revenues:			
Interest expense	(69,940)	(75,842)	(5,902)
Casualty loss	(340,142)	-	(340,142)
Investment income	<u>10,518</u>	<u>22,307</u>	<u>(11,789)</u>
Net non-operating expense	<u>(399,564)</u>	<u>(53,535)</u>	<u>(346,029)</u>
Loss before capital grants	(1,218,173)	(600,728)	(617,445)
Capital grants	<u>100,733</u>	<u>284,740</u>	<u>(184,007)</u>
Change in net assets	<u>\$ (1,117,440)</u>	<u>\$ (315,988)</u>	<u>\$ (801,452)</u>

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2012**

C. The Authority as a Whole (continued)

- Capital Assets – Net decreased \$805,818 for the year due to the Amps 1 & 2 sustaining major damage during Hurricane Sandy. The Authority also acquired \$10,733 in new capital assets which was offset by \$426,409 in depreciation expense.
- Cash and cash equivalents (including restricted cash) decreased \$312,750 primarily because the Authority used \$303,328 in cash from operations.
- Bonds payable decreased \$90,000 as the Authority utilized their portion of their capital fund allocation to pay bond payments due in 2012.
- HUD Operating grants decreased \$355,328 primarily as a result of the Housing Choice Voucher Program receiving \$388,648 less in subsidy in 2012 than in 2011.
- Tenant service costs increased as the Authority utilized a full-time employee for tenant services in the Low Rent Public Housing Program.
- Utility expenses decreased \$66,584 as costs for electric, water and gas all decreased.
- Housing Assistance Payments decreased \$140,648 as the Authority decreased monthly payments to landlords from 2011 to 2012 and had forty-six (46) less units months under lease in the Housing Choice Voucher Program.
- Capital grants decreased \$174,007 as the Authority utilized capital funds in 2011 which it did not have in available in 2012.

a. Budgetary Highlights

For the year ended December 31, 2012, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. Also, the Authority adopted a comprehensive annual budget for the general fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency. As indicated by the Statement of Revenue, Expenses and Changes in Net Position, the Authority's net position decreased during the fiscal year.

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2012**

C. The Authority as a Whole (continued)

b. Capital Assets and Debt Administration

1. Capital Assets

As of December 31, 2012, the Authority's investment in capital assets for its Proprietary Fund was \$3,358,457. This investment in capital assets net of related debt includes land, buildings, equipment and construction in progress, offset by accumulated depreciation and capital debt.

Major capital assets purchased from grants of \$100,733, 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 the notes to the financial statements, which is included in this report.

2. Bonds Payable

Bonds Payable relate to the leveraging of the Authority's future Capital Grants.

During 2004, 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 on December 23, 2004. The Authority's share of funds from the bond issue pool amounted to \$2,050,000.

Repayment of the funds leveraged shall be budgeted from Capital Fund allocations received by the Authority from the Department of Housing and Urban Development. Interest accrues at 4.12% and is payable semi-annually on May 1st and November 1st.

See Note 9 in the Notes to the Financial Statements for more information.

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2012**

c. Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ended December 31, 2012:

1. The state of the economy.
2. The need for Congress to fund the war on terrorism.
3. The use of the Authority's unrestricted net position to fund any shortfalls rising from an economic downturn and reduced subsidies and grants. The Authority's unrestricted net position appears sufficient to cover any shortfall.

d. 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 Eric Chubenko, Executive Director, Carteret Housing Authority, 96 Roosevelt Avenue, Carteret, NJ 07201.

FINANCIAL STATEMENTS

**CARTERET HOUSING AUTHORITY
STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2012 AND 2011**

ASSETS		
	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 1,588,739	\$ 1,655,205
Accounts receivable - HUD	-	2,830
Accounts receivable - tenants, net	25,130	25,310
Prepaid expenses	<u>2,208</u>	<u>5,440</u>
Total current assets	<u>1,616,077</u>	<u>1,688,785</u>
Non-current assets:		
Restricted cash and cash equivalents	461,902	708,186
Capital assets, net	<u>4,863,457</u>	<u>5,669,275</u>
Total non-current assets	<u>5,325,359</u>	<u>6,377,461</u>
Total assets	<u>6,941,436</u>	<u>8,066,246</u>
LIABILITIES		
Current liabilities:		
Accounts payable	129,123	76,816
Accounts payable - other government	49,262	53,505
Accrued expenses	38,177	32,313
Accrued compensated absences, current	149,609	138,136
Tenant security deposits	80,930	77,105
Prepaid tenant rent	8,594	3,118
Current portion of bonds payable	<u>90,000</u>	<u>90,000</u>
Total current liabilities	<u>545,695</u>	<u>470,993</u>
Non-current liabilities:		
Accrued compensated absences, noncurrent	7,928	-
Bonds payable, net of current portion	<u>1,415,000</u>	<u>1,505,000</u>
Total non-current liabilities	<u>1,422,928</u>	<u>1,505,000</u>
Total liabilities	<u>1,968,623</u>	<u>1,975,993</u>
NET POSITION		
Net position:		
Net investment in capital assets	3,358,457	4,074,275
Restricted	461,902	708,186
Unrestricted	<u>1,152,454</u>	<u>\$ 1,307,792</u>
Total net position	<u>\$ 4,972,813</u>	<u>\$ 6,090,253</u>

See accompanying notes to financial statements.

**CARTERET HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Tenant revenue	\$ 1,094,077	\$ 1,053,458
HUD grants	6,750,377	7,105,705
Other revenues	<u>566,111</u>	<u>581,708</u>
Total operating revenue	<u>8,410,565</u>	<u>8,740,871</u>
Operating expenses:		
Administrative	1,307,678	1,325,493
Tenant services	77,194	13,168
Utilities	807,503	874,087
Ordinary maintenance and operations	682,118	641,108
General expenses	216,684	183,557
Housing assistance payments	5,711,588	5,852,236
Depreciation	<u>426,409</u>	<u>398,415</u>
Total operating expenses	<u>9,229,174</u>	<u>9,288,064</u>
Operating gain (loss)	<u>(818,609)</u>	<u>(547,193)</u>
Non-operating revenues (expenses):		
Interest expense	(69,940)	(75,842)
Casualty loss	(340,142)	-
Investment income	<u>10,518</u>	<u>22,307</u>
Net non-operating revenues (expenses)	<u>(399,564)</u>	<u>(53,535)</u>
Income (loss) before capital grants	(1,218,173)	(600,728)
Capital grants	<u>100,733</u>	<u>284,740</u>
Changes in net position	(1,117,440)	(315,988)
Total net position, beginning of year, as restated	<u>6,090,253</u>	<u>6,406,241</u>
Total net position, end of year	<u>\$ 4,972,813</u>	<u>\$ 6,090,253</u>

See accompanying notes to financial statements.

**CARTERET HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 1,668,275	\$ 1,660,072
Cash received from grantors	6,753,207	7,102,875
Cash paid to suppliers	(7,571,041)	(7,831,361)
Cash paid to employees	<u>(1,153,769)</u>	<u>(1,134,924)</u>
Net cash flows provided (used) by operating activities	<u>(303,328)</u>	<u>(203,338)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(10,733)	(199,740)
Capital grants	100,733	284,740
Interest paid on bonds payable	(69,940)	(75,842)
Principle payments on bonds payable	(90,000)	(85,000)
Insurance proceeds from casualty loss	<u>50,000</u>	<u>-</u>
Net cash flows provided (used) by capital and related financing activities	<u>(19,940)</u>	<u>(75,842)</u>
Cash Flows from Investing Activities:		
Investment income	<u>10,518</u>	<u>22,307</u>
Net cash flows provided (used) by investing activities	<u>10,518</u>	<u>22,307</u>
Net increase (decrease) in cash	(312,750)	(256,873)
Cash and cash equivalents, beginning of year	<u>2,363,391</u>	<u>2,620,264</u>
Cash and cash equivalents, end of year	<u>\$ 2,050,641</u>	<u>\$ 2,363,391</u>

	<u>2012</u>	<u>2011</u>
A reconciliation of cash and cash equivalents to Statements of Net Position is as follows:		
Unrestricted cash and cash equivalents	\$ 1,588,739	\$ 1,655,205
Restricted cash and cash equivalents	<u>461,902</u>	<u>708,186</u>
	<u>\$ 2,050,641</u>	<u>\$ 2,363,391</u>

See accompanying notes to financial statements.

CARTERET HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:		
Operating gain (loss)	\$ (818,609)	\$ (547,193)
Items which did not use cash:		
Depreciation	426,409	398,415
Bad debts	1,394	1,394
Changes in operating assets and liabilities:		
Accounts receivable - HUD	2,830	(2,830)
Accounts receivable - tenants	(1,214)	(23,251)
Prepaid expenses	3,232	(3,368)
Accounts payable	52,307	(23,928)
Accounts payable - other government	(4,243)	19,984
Accrued expenses	5,864	11,954
Accrued compensated absences	19,401	(7,922)
Tenant security deposits	3,825	492
Deferred revenues	5,476	746
Other liabilities	<u>-</u>	<u>(27,831)</u>
Net cash provided (used) by operating activities	<u>\$ (303,328)</u>	<u>\$ (203,338)</u>

See accompanying notes to financial statements.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Carteret Housing Authority ("the Authority") is a governmental, 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 Borough of Carteret, New Jersey ("the Borough"). The Authority is responsible for operating certain low-rent housing programs in the Borough under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development ("HUD") and the State of 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 maintains its accounting records by program. The following programs are operated by the Authority:

B. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Low Rent Public Housing Program

The public housing program is designed to provide low-cost housing. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Housing Assistance Payments Program - Section 8

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Public Housing Capital Fund Program

The purpose of the capital fund program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

In accordance with statement No. 39 Government Accounting Standards Board ("GASB"), the Authority's financial statements include those of the Carteret Housing Authority and any component units. Component units are legally separate, tax-exempt organizations that meet all of the following criteria:

1. The economic resources received by the separate organization are almost entirely for the direct benefit of the Authority.
2. The Authority has the ability to access a majority of the economic resources held by the separate organization.
3. The economic resources referred to in No. 2 are significant to the Authority.

Based on the application of the above criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

D. Basis of Accounting

The Authority's financial statements are prepared in accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Managements' Discussion and Analysis as part of the Required Supplemental Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities that Use Proprietary Fund Accounting*, the Authority has elected to apply all Financial Accounting Standards Board pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued that do not conflict with or contradict GASB Pronouncements.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

On January 30, 2008, HUD issued *PIH Notice 2008-9*, which among other things, clarifies HUD's reporting position that unused housing assistance payments ("HAP"), under proprietary fund reporting, should be reported as restricted net assets with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net assets, with the associated assets being reported as unrestricted.

In accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, the aforementioned funds are treated as restricted cash and cash equivalents on the Authority's Statements of Net Position and Cash Flows.

E. Cash and cash equivalents

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States, or the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

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 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.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

F. Accounts Receivable

Rents are due from tenants on the first day of each month. As a result, accounts receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Accounts Receivable (continued)

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

G. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

H. Inventory

Inventory, consisting mainly of materials and supplies, is valued at its lower of cost or market using the first-in first-out cost method.

I. Capital Assets, net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

• Buildings	40 Years
• Leasehold Improvements	15 Years
• Office Furniture	10 Years
• Equipment and Vehicles	5 Years
• Computers	3 Years

The Authority has established a capitalization threshold of \$1,000.

J. Compensated Absences

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the balance sheet date for which payment is probable. Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Unused sick leave may be carried to future periods and used in the event of extended illness. Upon normal retirement employees hired prior to July 21, 1998 shall be reimbursed at the current rate of 100% of accumulated sick leave. Employees hired after July 21, 1998 shall be reimbursed for 50% of accumulated sick leave up to a maximum of \$15,000. Generally, employees may be compensated for unused vacation in the event of retirement or termination of service.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Prepaid Tenant Rents

The Authority's prepaid tenant rents primarily consists of the rental income received from residents applicable to future periods.

L. Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net zero. In accordance with GASB Statement No. 34, interprogram receivables and payables are eliminated for financial statement purposes.

M. Operating Revenues and Expenses

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

N. Taxes

The Authority is a unit of local government and is exempt from real estate, sales and income taxes.

O. Use of Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Equity Classifications

Equity is classified as net assets and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Q. Economic Dependency

The Section 8 and Low Rent Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

R. Budgets

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

The Authority also adopts an annual operating and capital budget which it submits to the State of New Jersey, Department of Community Affairs as required by New Jersey State law.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2012 and 2011, the Authority had funds on deposit in checking and money market accounts.

For the fiscal years ended December 31, 2012 and 2011, the carrying amount of the Authority's cash (including restricted cash) was \$2,050,641 and \$2,363,391 and the bank balances were \$2,149,836 and \$2,708,708, respectively.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2. CASH AND CASH EQUIVALENTS (continued)

Of the bank balances, \$258,450 and \$577,775 were covered by federal depository insurance and the remaining \$1,891,386 and \$2,130,933 were collateralized with the pledging financial institution for the fiscal years ended December 31, 2012 and 2011, respectively.

<u>Cash Account</u>	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 258,450	\$ 577,775
Collateralized:		
Collateralized amount held by pledging financial institution	<u>1,891,386</u>	<u>2,130,933</u>
	<u>\$ 2,149,836</u>	<u>\$ 2,708,708</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2012 and 2011, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE

A. Accounts receivable - HUD

Accounts receivable - HUD consists of unreimbursed expenditures in the CFP program and amounted to \$- and \$2,830 as of December 31, 2012 and 2011, respectively. The Authority considers these amounts fully collectible and accordingly, has made no allowance for doubtful accounts.

B. Accounts receivable - tenants, net

Accounts receivable - tenants, net are shown net of an allowance for doubtful accounts of \$25,130 and \$25,313 as of December 31, 2012 and 2011, respectively.

NOTE 4. RESTRICTED CASH AND RESTRICTED NET POSITION

As of December 31, 2012 and 2011, restricted cash and restricted net position consists of housing assistance payments reserves which are restricted for use in the Housing Choice Voucher program for the payment of tenant rents.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 5. CAPITAL ASSETS, NET

A summary of the changes in capital assets during the year ended December 31, 2012 were as follows:

Description	December 31, 2011	Additions	Dispositions	Transfers	December 31, 2012
<u>Non-depreciable capital assets:</u>					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Construction in progress	<u>353,568</u>	<u>10,733</u>	<u>-</u>	<u>(144,077)</u>	<u>220,224</u>
Total	<u>453,568</u>	<u>10,733</u>	<u>-</u>	<u>(144,077)</u>	<u>320,224</u>
<u>Depreciable capital assets:</u>					
Buildings and improvements	12,190,154	-	(1,603,112)	115,018	10,702,060
Furniture and equipment	<u>335,034</u>	<u>-</u>	<u>(85,116)</u>	<u>29,059</u>	<u>278,977</u>
Total	<u>12,525,188</u>	<u>-</u>	<u>(1,688,228)</u>	<u>144,077</u>	<u>10,981,037</u>
Less: accumulated depreciation	<u>7,309,481</u>	<u>426,409</u>	<u>(1,298,086)</u>	<u>-</u>	<u>6,437,804</u>
Net capital assets	<u>\$ 5,669,275</u>	<u>\$ (415,676)</u>	<u>\$ (390,142)</u>	<u>\$ -</u>	<u>\$ 4,863,457</u>

A summary of the changes in capital assets during the year ended December 31, 2011 were as follows:

Description	December 31, 2010	Additions	Dispositions	Transfers	December 31, 2011
<u>Non-depreciable capital assets:</u>					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Construction in progress	<u>842,082</u>	<u>199,740</u>	<u>-</u>	<u>(688,254)</u>	<u>353,568</u>
Total	<u>942,082</u>	<u>199,740</u>	<u>-</u>	<u>(688,254)</u>	<u>453,568</u>
<u>Depreciable capital assets:</u>					
Buildings and improvements	11,514,530	-	-	675,624	12,190,154
Furniture and equipment	<u>322,404</u>	<u>-</u>	<u>-</u>	<u>12,630</u>	<u>335,034</u>
Total	<u>11,836,934</u>	<u>-</u>	<u>-</u>	<u>688,254</u>	<u>12,525,188</u>
Less: accumulated depreciation	<u>6,911,066</u>	<u>398,415</u>	<u>-</u>	<u>-</u>	<u>7,309,481</u>
Net capital assets	<u>\$ 5,867,950</u>	<u>\$ (198,675)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,669,275</u>

Depreciation expense for the years ended December 31, 2012 and 2011 amounted to \$426,409 and \$398,415, respectively.

During the year ended December 31, 2012, the Authority incurred a casualty loss of \$340,142 as the result of damages incurred from Super Storm Sandy. Capital assets of \$1,688,228, the related \$1,298,086 accumulated depreciation and insurance proceeds of \$50,000 were charged to casualty loss on the accompanying statements of revenues, expenses and changes in net position.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 6. COMPENSATED ABSENCES

Accrued compensated absences activity for the years ended December 31, 2012 and 2011 consisted of the following:

	December 31, 2011	Additions	Retirements	December 31, 2012	Due in One Year
Accrued compensated absences	<u>\$ 138,136</u>	<u>\$ 40,121</u>	<u>\$ 20,720</u>	<u>\$ 157,537</u>	<u>\$149,609</u>

	December 31, 2010	Additions	Retirements	December 31, 2011	Due in One Year
Accrued compensated absences	<u>\$ 146,058</u>	<u>\$ 21,991</u>	<u>\$ 29,913</u>	<u>\$ 138,136</u>	<u>\$138,136</u>

NOTE 7. BONDS PAYABLE

During 2004, 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 on December 23, 2004. The Authority's share of funds from the bond issue pool amounted to \$2,050,000. The related closing costs of \$55,664 are to be amortized over the life of the bonds. The 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. Interest accrues at 4.12% and is payable semi-annually on May 1st and November 1st.

Debt service activity for the years ended December 31, 2012 and 2011 consisted of the following:

Description	December 31, 2011	Additions	Principal Payments	December 31, 2012	Due in One Year
Capital Fund Revenue Bonds	<u>\$ 1,595,000</u>	<u>\$ -</u>	<u>\$ (90,000)</u>	<u>\$ 1,505,000</u>	<u>\$ 90,000</u>

Description	December 31, 2010	Additions	Principal Payments	December 31, 2011	Due in One Year
Capital Fund Revenue Bonds	<u>\$ 1,680,000</u>	<u>\$ -</u>	<u>\$ (85,000)</u>	<u>\$ 1,595,000</u>	<u>\$ 90,000</u>

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 7. BONDS PAYABLE (continued)

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

Year	Principal	Interest	Total
2013	90,000	66,610	156,610
2014	90,000	63,190	153,190
2015	100,000	59,475	159,475
2016	100,000	55,102	155,102
2017	105,000	50,725	155,725
2018-2022	595,000	178,200	773,200
2023-2025	425,000	35,838	460,838
	\$ 1,505,000	\$ 509,140	\$ 2,014,140

NOTE 8. PAYMENTS IN LIEU OF TAXES

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 Township. Under the Cooperation Agreement, the Authority must pay the Township the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal years ended December 31, 2012 and 2011, PILOT expense amounted to \$43,111 and \$19,984, respectively.

NOTE 9. PENSION PLAN

Description of Plans – All required employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 9. PENSION PLAN (continued)

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.64% of employees' annual compensation (as of July 1, 2012), as defined. Employers are required to contribute at an actuarially determined rate for the PERS.

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Three Year Trend Information for PERS			
Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2010	\$ <u>29,571</u>	<u>100</u>	\$ <u>-</u>
December 31, 2011	\$ <u>36,237</u>	<u>100</u>	\$ <u>-</u>
December 31, 2012	\$ <u>28,199</u>	<u>100</u>	\$ <u>-</u>

NOTE 10. POST-RETIREMENT BENEFITS

The Authority participates in New Jersey State Health Benefits Program (“the SHBP”), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement 45 “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions” (“OPEB”). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

A retiree may also receive Authority-paid health benefits in accordance with labor agreements if they have twenty-five (25) or more years enrolled in the pension system.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 10. POST-RETIREMENT BENEFITS (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. 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.

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis. The following were the required contributions:

<u>Year</u>	<u>Amount</u>
2012	\$ <u>60,205</u>
2011	\$ <u>44,693</u>
2010	\$ <u>39,201</u>

NOTE 11. RETROSPECTIVE CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT

The Authority adopted GASB 65 *"Items previously Reported as Assets and Liabilities"* for the fiscal years ended December 31, 2012 and 2011. The Authority had previously accounted for loan origination costs as an asset as defined by GASB Concepts Statement No. 4, and had maintained records that are adequate to apply GASB 65 retrospectively. GASB 65 requires that loan origination costs be reported as an outflow of resources in the period in which they are realized. The Authority concluded that GASB 65 was the preferable method to account for loan origination fees currently and retrospectively because implementation becomes mandatory in the next accounting cycle and management wanted to take the more conservative and proactive accounting approach.

The effects of the change in accounting principle on net position is that assets and unrestricted net position decreased \$36,183 as of January 1, 2011.

NOTE 12. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2012 and 2011, the Authority estimates that no material liabilities will result from such audits.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 13. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles for the previous three years.

NOTE 14. SUBSEQUENT EVENTS

Events that occur after the financial statement 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 financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through July 12, 2013 (the date 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.



**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**

To the Board of Commissioners
Carteret Housing Authority:

We have audited the financial statements of Carteret Housing Authority ("the Authority") as of and for the year ended December 31, 2012, and have issued our report therein dated July 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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.

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 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.

**INDEPENDENT AUDITORS' 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 (continued)**

Compliance and Other Matters

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

July 12, 2013
Toms River, New Jersey

Fallon & Larsen LLP



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners
Carteret Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited Carteret Housing Authority compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Carteret Housing Authority's major federal programs for the year ended December 31, 2012. Carteret Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)**

Opinion on Each Major Federal Program

In our opinion, Carteret Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Carteret Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carteret Housing Authority's internal control over compliance with the types 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 circumstances 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 Carteret Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 over compliance that might be material weaknesses or significant deficiencies. 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)**

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Carteret Housing Authority as of and for the year ended December 31, 2012, and have issued our report thereon dated July 12, 2013, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

July 12, 2013
Toms River, New Jersey

Fallon & Larsen LLP

**CARTERET HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal and State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Low Rent Public Housing Program	14.850a	\$ 1,053,663
Housing Choice Vouchers	14.871	6,224,084
Public Housing Capital Fund Program	14.872	<u>247,563</u>
		<u>\$ 7,525,310</u>

**CARTERET HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Carteret Housing Authority under programs of the federal government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Carteret Housing Authority, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Carteret Housing Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribes, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3. SUBRECIPIENTS

The Authority was not a subrecipient of any federal awards and did not pass-through any federal awards to subrecipients.

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Carteret Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Carteret Housing Authority.

**CARTERET HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012**

I. Summary of Auditor's Results

Financial Statement Section

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material Weakness(es) identified? | No |
| | b. Were significant deficiencies identified not considered to be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|---|------------|
| 1. | Dollar threshold used to determine Type A Programs from Type B Programs: | \$ 300,000 |
| 2. | Auditee qualified as low-risk Auditee? | Yes |
| 3. | Type of auditor's report on compliance for major programs: | Unmodified |
| 4. | Internal Control over compliance: | |
| | a. Material weakness(es) identified? | No |
| | b. Were significant deficiencies identified not considered to be material weaknesses? | No |
| | c. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? | No |
| 5. | Identification of major programs: | |

CFDA Number

Name of Federal Program

14.850a
14.871

Low Rent Public Housing Program
Housing Choice Voucher Program

CARTERET HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
DECEMBER 31, 2012

II. Financial Statement Findings

None.

III. Federal Award Findings and Questioned Costs

None.

IV. Summary of Prior Audit Findings

None reported.

**CARTERET HOUSING AUTHORITY
SCHEDULE OF CAPITAL FUND PROGRAM
COSTS AND ADVANCES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>501-10</u>	<u>501-11</u>	<u>501-12</u>	<u>Totals</u>
Budget	\$ <u>468,994</u>	\$ <u>389,678</u>	\$ <u>358,983</u>	\$ <u>1,217,655</u>
<u>Advances:</u>				
Cumulative through 12/31/2011	\$ 424,481	\$ 32,428	\$ -	\$ 456,909
Current year	<u>-</u>	<u>242,877</u>	<u>4,686</u>	<u>247,563</u>
Cumulative through 12/31/2012	<u>424,481</u>	<u>275,305</u>	<u>4,686</u>	<u>704,472</u>
<u>Costs:</u>				
Cumulative through 12/31/2011	424,481	32,428	-	456,909
Current year	<u>-</u>	<u>242,877</u>	<u>4,686</u>	<u>247,563</u>
Cumulative through 12/31/2012	<u>424,481</u>	<u>275,305</u>	<u>4,686</u>	<u>704,472</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
 <u>Summary</u>				
<u>Soft Costs:</u>				
Cumulative through 12/31/2011	\$ 222,156	\$ 25,263	\$ -	\$ 247,419
Current year	<u>-</u>	<u>232,144</u>	<u>4,686</u>	<u>236,830</u>
Cumulative through 12/31/2012	<u>222,156</u>	<u>257,407</u>	<u>4,686</u>	<u>484,249</u>
<u>Hard Costs:</u>				
Cumulative through 12/31/2011	202,325	7,165	-	209,490
Current year	<u>-</u>	<u>10,733</u>	<u>-</u>	<u>10,733</u>
Cumulative through 12/31/2012	<u>202,325</u>	<u>17,898</u>	<u>-</u>	<u>220,223</u>
Cumulative	\$ <u>424,481</u>	\$ <u>275,305</u>	\$ <u>4,686</u>	\$ <u>704,472</u>

Carteret Housing Authority

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Financial Data Schedule (FDS)

December 31, 2012

Line Item #	ASSETS:	Account Description	Projects	Housing Choices Vouchers	COCC	Elimination	TOTAL
	CURRENT ASSETS:						
	Cash:						
111	Cash - unrestricted	\$	865,654	455,959	\$	186,196	\$ 1,507,809
112	Cash - restricted - modernization and development		-	-		-	-
113	Cash - other restricted		-	461,902		-	461,902
114	Cash - tenant security deposits		80,930.00	-		-	80,930
115	Cash - restricted for payment of current liabilities		-	-		-	-
100	Total cash		946,584	917,861		186,196	2,050,641
	Accounts and notes receivables:						
121	Accounts receivable - PHA projects		-	-		-	-
122	Accounts receivable - HUD other projects		-	-		-	-
124	Accounts receivable - other government		-	-		-	-
125	Accounts receivable - miscellaneous		-	-		-	-
126	Accounts receivable - tenants		8,294	-		-	8,294
126.1	Allowance for doubtful accounts - tenants		(4,147)	-		-	(4,147)
126.2	Allowance for doubtful accounts - other		-	-		-	-
127	Notes and mortgages receivable- current		-	-		-	-
128	Fraud recovery		41,966	-		-	41,966
128.1	Allowance for doubtful accounts - fraud		(20,983)	-		-	(20,983)
129	Accrued interest receivable		-	-		-	-
120	Total receivables, net of allowances for doubtful accounts		25,130	-		-	25,130
	Current investments						
131	Investments - unrestricted		-	-		-	-
132	Investments - restricted		-	-		-	-
142	Prepaid expenses and other assets		1,615	-		593	2,208
143	Inventories		-	-		-	-
143.1	Allowance for obsolete inventories		-	-		-	-
144	Interprogram - due from		-	-		95,055	(95,055)
145	Assets held for sale		-	-		-	-
150	TOTAL CURRENT ASSETS		973,329	917,861		281,844	2,077,979
	NONCURRENT ASSETS:						
	Fixed assets:						
161	Land		100,000	-		-	100,000
162	Buildings		10,230,334	-		-	10,230,334
163	Furniture, equipment & machinery - dwellings		-	-		-	-
164	Furniture, equipment & machinery - administration		15,000	-		263,977	278,977
165	Leasehold improvements		471,726	-		-	471,726
166	Accumulated depreciation		(6,211,337)	-		(226,467)	(6,437,804)
167	Construction in Progress		196,140	-		24,084	220,224
168	Infrastructure		-	-		-	-
160	Total fixed assets, net of accumulated depreciation		4,801,863	-		61,594	4,863,457
	Other non-current assets:						
171	Notes and mortgages receivable - non-current		-	-		-	-
172	Notes and mortgages receivable-non-current - past due		-	-		-	-
174	Other assets		-	-		-	-
180	TOTAL NONCURRENT ASSETS		4,801,863	-		61,594	4,863,457
190	TOTAL ASSETS		5,775,192	917,861		343,438	6,941,436

Carteret Housing Authority						
NJ047						
Financial Data Schedule (FDS)						
December 31, 2012						
Line Item #	Account Description	Projects	Housing Choice Vouchers	COCC	Elimination	TOTAL
LIABILITIES AND EQUITY						
Liabilities:						
Current Liabilities:						
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable ≤ 90 days	89,391	-	39,732	-	129,123
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	26,935	-	26,935
322	Accrued compensated absences - current portion	60,930	14,667	74,012	-	149,609
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	11,242	-	-	-	11,242
331	Accounts payable - HUD PHA programs	-	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	49,262	-	-	-	49,262
341	Tenant security deposits	80,930	-	-	-	80,930
342	Deferred revenue	8,594	-	-	-	8,594
343	Current portion of L-T debt - capital projects	90,000	-	-	-	90,000
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	95,055	-	(95,055)	-
310	TOTAL CURRENT LIABILITIES	390,349	109,722	140,679	(95,055)	936,044
NONCURRENT LIABILITIES						
351	Long-term debt, net of current - capital projects	1,415,000	-	-	-	1,415,000
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - noncurrent	3,159	432	4,337	-	7,928
355	Loan Liability - Non Current	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-
350	TOTAL NONCURRENT LIABILITIES	1,418,159	432	4,337	-	1,422,928
300	TOTAL LIABILITIES	1,808,508	110,154	145,016	(95,055)	1,968,623
EQUITY:						
508.1	Invested in Capital Assets, Net of Related Debt	3,296,863	-	61,594	-	3,358,457
511.1	Restricted Net Assets	-	461,902	-	-	461,902
512.1	Unrestricted Net Assets	669,821	345,805	136,828	-	1,152,454
513	TOTAL EQUITY	3,966,684	807,707	198,422	-	4,972,813
600	TOTAL LIABILITIES AND EQUITY	\$ 5,775,192	\$ 917,861	\$ 343,438	(95,055)	\$ 6,941,436
Proof of concept						
		-	-	-	-	-

Carteret Housing Authority

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Financial Data Schedule (FDS)

December 31, 2012

Line Item #	Account Description	Project Total	Housing Choice Vouchers	COCC	Elimination	TOTAL
	REVENUE:					
70300	Net tenant rental revenue	\$ 1,022,302	\$ -	\$ -	\$ -	\$ 1,022,302
70400	Tenant revenue - other	71,775	-	-	-	71,775
70500	Total tenant revenue	1,094,077	-	-	-	1,094,077
70600	HUD PHA grants	1,141,481	5,549,884	59,012	-	6,750,377
70610	Capital grants	100,733	-	-	-	100,733
70710	Management Fee	-	-	258,016	(258,016)	-
70720	Asset Management Fee	-	-	16,630	(16,630)	-
70730	Book Keeping Fee	-	-	59,850	(59,850)	-
70750	Other Fees	-	-	38,967	-	38,967
70800	Other government grants	-	-	-	-	-
71100	Investment income - unrestricted	3,307	5,578	1,633	-	10,518
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	37,464	15,787	-	-	53,251
71500	Other revenue	56,874	338,152	78,867	-	473,893
71600	Gain or loss on sale of fixed assets	(340,142)	-	-	-	(340,142)
72000	Investment income - restricted	-	-	-	-	-
70000	TOTAL REVENUE	2,093,794	5,909,401	512,975	(334,496)	8,181,674
	EXPENSES:					
	Administrative					
91100	Administrative salaries	291,545	191,351	183,292	-	666,188
91200	Auditing fees	12,160	1,840	-	-	14,000
91300	Management fees	198,160	59,856	-	(258,016)	-
91310	Book-keeping fee	22,440	37,410	-	(59,850)	-
91400	Advertising and marketing	-	-	-	-	-
91500	Employee benefit contributions- administrative	143,159	110,750	71,886	-	325,795
91600	Office expenses	29,172	15,558	49,933	-	94,663
91700	Legal expenses	13,413	7,850	3,513	-	24,776
91800	Travel	-	-	33,156	-	33,156
91810	Allocated overhead	-	-	-	-	-
91900	Other	3,256	54,785	91,059	-	149,100
92000	Asset Management Fee	16,630	-	-	(16,630)	-
	Tenant services					
92100	Tenant services - salaries	52,717	-	-	-	52,717
92200	Relocation costs	-	-	-	-	-
92300	Employee benefit contributions- tenant services	24,477	-	-	-	24,477
92400	Tenant services - other	-	-	-	-	-

Carteret Housing Authority

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Financial Data Schedule (FDS)

December 31, 2012

Line Item #	Account Description	Project Total	Housing Choice Vouchers	COCC	Elimination	TOTAL
	Utilities					
93100	Water	102,608	-	1,279	-	103,887
93200	Electricity	320,834	-	12,361	-	333,195
93300	Gas	116,607	-	4,046	-	120,653
93400	Fuel	-	-	-	-	-
93500	Labor	108,501	-	-	-	108,501
93600	Sewer	88,004	-	889	-	88,893
93700	Employee benefit contributions- utilities	52,374	-	-	-	52,374
93800	Other utilities expense	-	-	-	-	-
	Ordinary maintenance & operation					
94100	Ordinary maintenance and operations - labor	325,581	-	50,985	-	376,566
94200	Ordinary maintenance and operations - materials & other	91,954	-	2,924	-	94,878
94300	Ordinary maintenance and operations - contract costs	33,299	-	2,405	-	35,704
94500	Employee benefit contributions- ordinary maintenance	153,702	-	21,268	-	174,970
	Protective services					
95100	Protective services - labor	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-
	General expenses					
96110	Property Insurance	-	-	-	-	-
96120	Liability Insurance	-	-	-	-	-
96130	Workmen's Compensation	-	-	8,000	-	8,000
96140	All Other Insurance	110,865	11,400	1,906	-	124,171
96200	Other general expenses	-	21,696	-	-	21,696
96210	Compensated absences	11,939	-	-	-	11,939
96300	Payments in lieu of taxes	29,278	-	13,833	-	43,111
96400	Bad debt - tenant rents	7,767	-	-	-	7,767
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96700	Interest expense	-	-	-	-	-
96710	Interest of Mortgage (or bonds) payable	69,940	-	-	-	69,940
96730	Amortization of Bond Issue Costs	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96900	TOTAL OPERATING EXPENSES	2,430,382	512,496	552,735	(334,496)	3,161,117
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(336,588)	5,396,905	(39,760)	-	5,020,557

Carteret Housing Authority

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Financial Data Schedule (FDS)

December 31, 2012

Line Item #	Account Description	Project Total	Housing Choice Vouchers	COCC	Elimination	TOTAL
97100	Extraordinary maintenance	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-
97300	Housing assistance payments	-	5,391,143	-	-	5,391,143
97350	HAP Fortability - in	-	320,445	-	-	320,445
97400	Depreciation expense	402,057	-	24,352	-	426,409
97500	Fraud losses	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
90000	TOTAL EXPENSES	2,832,439	6,224,084	577,087	(334,496)	9,299,114
	OTHER FINANCING SOURCES (USES)					
10010	Operating transfers in	69,940	-	-	(69,940)	-
10020	Operating transfers out	(69,940)	-	-	69,940	-
10080	Special items (net gain/loss)	-	-	-	-	-
10091	Inter Project excess cash transfer in	50,000	-	-	(50,000)	-
10092	Inter Project excess cash transfer out	(50,000)	-	-	50,000	-
10093	Transfers between program and project in	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(738,645)	(314,683)	(64,112)	-	(1,117,440)
	MEMO ACCOUNT INFORMATION:					
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning equity	4,741,512	1,122,390	262,534	-	6,126,436
11040	Prior period adjustments and equity transfers	(36,183)	-	-	-	(36,183)
11170	Administrative fee equity	-	337,528	-	-	337,528
11180	Housing assistance payments equity	-	461,902	-	-	461,902
11190	Unit months available	2,930	5,568	-	-	8,498
11210	Number of unit months leased	2,898	4,988	-	-	7,886
	Equity Roll Forward Test:					
	Calculation from R/E Statement	\$ 3,966,684	\$ 807,707	\$ 198,422	\$ -	\$ 4,972,813
	B/S Line 513	\$ 3,966,684	\$ 807,707	\$ 198,422	\$ -	\$ 4,972,813
		\$ -	\$ -	\$ -	\$ -	\$ -