

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
(A Component Unit of the Township of Brick, State of New Jersey)

Financial Statements and Supplementary Schedules

For the years ended June 30, 2011 and 2010

(With Independent Auditors' Report thereon)

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
(A Component Unit of the Township of Brick, State of New Jersey)
Financial Statements and Supplementary Schedules
June 30, 2011 and 2010

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Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Housing Authority of the Township of Brick:

We have audited the accompanying statements of net assets of the Housing Authority of the Township of Brick, a component unit of the Township of Brick, State of New Jersey, as of June 30, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Township of Brick, as of June 30, 2011 and 2010, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2011 on our consideration of the Housing Authority of the Township of Brick's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, supplementary information and Financial Data Schedules on pages 3 through 8, pages 23 through 24 and pages 25 through 34 are 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Township of Brick's basic financial statements. The accompanying introductory section, and other supplementary information, such as the schedule of expenditures of federal and state financial assistance, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state financial assistance are 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 New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements. The accompanying schedule of expenditures of federal and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

HOLMAN & FRENIA, P.C.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

September 23, 2011
Toms River, New Jersey

**BRICK HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

As Management of the Brick 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 June 30, 2011. 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 \$6,960,288 (net assets) as opposed to \$6,774,561 for the prior fiscal year for an increase of \$185,727.
2. At of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Assets of \$1,132,816 representing a decrease of \$105,123 from the prior fiscal year.
3. The Authority's cash and cash equivalents balance at June 30, 2011 was \$1,582,023 representing a decrease of \$163,401, from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$3,918,671 and Total Operating Expenses (excluding depreciation) of \$3,999,446 for the year ended June 30, 2011.
5. The Authority's capital outlays for the fiscal year were \$773,282.
6. The Authority's Expenditures of Federal Awards amounted to \$2,874,490 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 Generally Accepted Accounting Principles ("GAAP") applicable to governmental entities in the United States of America for Proprietary Fund types.

**BRICK HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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 Assets, Statements of Revenues, Expenses and Change in Net Assets and Statements of Cash Flows.

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

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

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 9 through 12 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.

**BRICK HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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 37 of this report.

C. The Authority as a Whole

The Authority's net assets increased during the fiscal year as detailed on page 6. The Authority's revenues are primarily subsidies and grants received from HUD and tenant rent. 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 and reserves 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.

**BRICK HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

C. The Authority as a Whole (continued)

Computations of Net Assets are as follows:

	<u>6/30/2010</u>	<u>6/30/2011</u>
Cash and Other Current Assets	\$ 1,792,723	\$ 1,640,101
Capital Assets – Net	5,306,974	5,722,120
Total Assets	<u>\$ 7,099,697</u>	<u>\$ 7,362,221</u>
Less: Total Liabilities	325,136	401,933
Net Assets	<u>\$ 6,774,561</u>	<u>\$ 6,960,288</u>
Invested in Capital Assets	\$ 5,306,974	\$ 5,722,120
Restricted Net Assets	229,648	105,352
Unrestricted Net Assets	1,237,939	1,132,816
Net Assets	<u>\$ 6,774,561</u>	<u>\$ 6,960,288</u>

Computations of Changes in Net Assets are as follows:

<u>Revenues</u>		
Tenant Revenues	\$ 908,079	\$ 909,241
HUD Operating Grants	2,434,502	2,255,794
Other Revenues	111,380	753,636
Total Operating Revenues	<u>\$ 3,453,961</u>	<u>\$ 3,918,671</u>
<u>Expenses</u>		
Other Operating Expenses	\$ 2,226,852	\$ 2,116,385
Housing Assistance Payments	1,222,880	1,883,061
Depreciation Expense	348,062	358,136
Total Operating Expenses	<u>\$ 3,797,794</u>	<u>\$ 4,357,582</u>
Operating Loss	<u>\$ (343,833)</u>	<u>\$ (438,911)</u>
Non-Operating Revenues:		
Interest on Investments	\$ 13,232	\$ 5,942
HUD Capital Grants	486,818	618,696
Total Non-operating Revenues	<u>\$ 500,050</u>	<u>\$ 624,638</u>
Change in Net Assets	\$ 156,217	\$ 185,727
Net Assets - Beginning of Year	<u>6,618,344</u>	<u>6,774,561</u>
Net Assets - End of Year	<u>\$ 6,774,561</u>	<u>\$ 6,960,288</u>

**BRICK HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

C. The Authority as a Whole (continued)

- Accounts Receivable-Tenants decreased due to the collection and write-off of three large balances due 6/30/2010.
- Accounts Receivable-Misc.-increased \$7,634 due to several PHA's owing money for incoming portables in the Housing Choice Voucher Program.
- Cash-Restricted decreased \$124,296 due to a HUD adjustment during a review of the PHA's net restricted assets. As a result Restricted Net Assets decreased accordingly.
- Capital Assets increased \$415,146 as the PHA expended \$768,483 in capital improvements offset by depreciation of \$358,136. As a result the Investment in Capital Assets increased accordingly.
- Accounts Payable increased \$139,162 due the accrual of a roof contract obligated as of June 30th, 2011 but not paid until July 2011.
- Accrued compensated absences decreased \$62,815 due to the retirement of several employees.
- Accounts Payable-Other Government decreased \$10,812 as the PHA paid the 2009 and 2010 payment in lieu of taxes during the fiscal year ending 6/30/2011.
- Interest Income decreased \$7,290 due to lower earning rates.
- Other revenue/HAP Port-Ins increased \$634,756 as a result of HUD's requirement to record portable voucher HAP payments as revenue and expense.
- Administrative salaries/tenant service salaries changed as one staff member was allocated from administrative salaries to tenant service salaries during 6/30/2011.
- Employee benefits increased \$27,611 due to an increase in health costs along with and increase in the PHA's pension liability.
- Electric costs increased \$29,570 due to an increase in rates. Gas costs decreased \$16,706 due to a decrease in rates.
- Maintenance salaries decreased \$60,548 due to the retirement of several staff members.
- Maintenance contracts decreased \$97,401 as the PHA incurred less costs for snow removal during 6/30/2011.

**BRICK HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

D. Budgetary Highlights

For the year ended June 30, 2011, 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. 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.

E. Capital Assets and Debt Administration

1. Capital Assets

As of June 30, 2011, the Authority's investment in capital assets, net of related debt for its Proprietary Fund was \$5,722,120. This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$618,696 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. Long Term Debt

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

F. Economic Factors and Next year's Budget and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2011.

1. The need for Congress to fund the war on terrorism and the possible cut-back on HUD subsidies and grants.
2. The use of the Authority's Unrestricted Net Assets of \$1,132,816 to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's Unrestricted Net Assets appear sufficient to cover any shortfall.

G. 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 Dennis Salerno, Executive Director, Housing Authority of the Township of Brick, 165 Chambers Bridge Road, Brick, New Jersey 08723, or call (732) 920-9400.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Statements of Net Assets
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,476,671	\$ 1,515,776
Restricted cash	105,352	229,648
Accounts receivable	14,646	3,891
Prepaid expenses	<u>43,432</u>	<u>43,408</u>
Total current assets	<u>1,640,101</u>	<u>1,792,723</u>
Capital assets, net	<u>5,722,120</u>	<u>5,306,974</u>
Total assets	<u>7,362,221</u>	<u>7,099,697</u>
LIABILITIES		
Current liabilities:		
Accounts payable	228,700	100,350
Accrued wages and payroll taxes	15,907	2,232
Accrued compensated absences, current	7,120	13,402
Tenant security deposits	85,486	85,213
Deferred revenues	<u>638</u>	<u>3,324</u>
Total current liabilities	<u>337,851</u>	<u>204,521</u>
Long-term liabilities:		
Accrued compensated absences, less current portion	<u>64,082</u>	<u>120,615</u>
Total liabilities	<u>401,933</u>	<u>325,136</u>
NET ASSETS		
Net assets:		
Invested in capital assets, net of related debt	5,722,120	5,306,974
Restricted	105,352	229,648
Unrestricted	<u>1,132,816</u>	<u>1,237,939</u>
Total net assets	<u>\$ 6,960,288</u>	<u>\$ 6,774,561</u>

See independent auditors' report and accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Statements of Revenues, Expenses, and Changes in Net Assets
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Tenant revenue	\$ 909,241	\$ 908,079
HUD operating grants	2,255,794	2,434,502
Other revenues	<u>753,636</u>	<u>111,380</u>
Total operating revenues	<u>3,918,671</u>	<u>3,453,961</u>
Operating expenses:		
Administrative	773,913	757,732
Tenant services	67,200	53,858
Utilities	538,927	499,418
Ordinary repairs and maintenance	628,667	787,910
General expenses	106,826	109,788
Extraordinary maintenance	852	18,146
Housing assistance payments	1,883,061	1,222,880
Depreciation	<u>358,136</u>	<u>348,062</u>
Total operating expenses	<u>4,357,582</u>	<u>3,797,794</u>
Operating loss	<u>(438,911)</u>	<u>(343,833)</u>
Non-operating revenues:		
Investment income	<u>5,942</u>	<u>13,232</u>
Operating loss before capital grants	<u>(432,969)</u>	<u>(330,601)</u>
Capital grants	<u>618,696</u>	<u>486,818</u>
Change in net assets	185,727	156,217
Net assets, beginning of year	<u>6,774,561</u>	<u>6,618,344</u>
Net assets, end of year	<u>\$ 6,960,288</u>	<u>\$ 6,774,561</u>

See independent auditors' report and accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Statements of Cash Flows
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from tenants	\$ 1,649,709	\$ 1,039,705
Cash received from grantors	2,255,794	2,434,502
Cash paid to employees	(635,955)	(641,601)
Cash paid to vendors	<u>(3,284,305)</u>	<u>(2,794,505)</u>
Net cash flows from operating activities	<u>(14,757)</u>	<u>38,101</u>
Cash flows from capital activities:		
Purchases of capital assets	(773,282)	(486,818)
Proceeds from capital grants	<u>618,696</u>	<u>486,818</u>
Net cash flows from capital activities	<u>(154,586)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received on investments	<u>5,942</u>	<u>14,486</u>
Net cash flows from investing activities	<u>5,942</u>	<u>14,486</u>
Net change in cash	(163,401)	52,587
Cash and cash equivalents, beginning of year	<u>1,745,424</u>	<u>1,692,837</u>
Cash and cash equivalents, end of year	<u>\$ 1,582,023</u>	<u>\$ 1,745,424</u>
Reconciliation to Statements of Net Assets:		
Cash and cash equivalents	\$ 1,476,671	\$ 1,515,776
Restricted cash	<u>105,352</u>	<u>229,648</u>
Total cash and cash equivalents	<u>\$ 1,582,023</u>	<u>\$ 1,745,424</u>

See independent auditors' report and accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Statements of Cash Flows (continued)
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (438,911)	\$ (343,833)
Items which did not use cash:		
Depreciation	358,136	348,062
Working capital changes which (used)/provided cash:		
Accounts receivable - tenants	(10,755)	14,094
Prepaid expenses	(24)	(1,350)
Accounts payable	128,350	11,775
Accrued wages and payroll taxes	13,675	(3,166)
Accrued compensated absences	(62,815)	6,367
Tenant security deposits	273	2,953
Deferred revenues	<u>(2,686)</u>	<u>3,199</u>
Net cash flows from operating activities	<u>\$ (14,757)</u>	<u>\$ 38,101</u>

See independent auditors' report and accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements
For the years ended June 30, 2011 and 2010

NOTE 1: ORGANIZATION AND PURPOSE

The Housing Authority of the Township of Brick (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 Township of Brick. The Authority is responsible for operating certain low-rent housing 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 Authority is governed by a board of commissioners which is essentially autonomous but is responsible to 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Programs

Low Rent Public Housing Program

The public housing program is designed to provide low-cost housing within the Township of Brick. 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.

B. Reporting Entity

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

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements (continued)
For the years ended June 30, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Reporting Entity (continued)

- The economic resources received by the separate organization are almost entirely for the direct benefit of the Authority,
- The Authority has the ability to access a majority of the economic resources held by the separate organization,
- The economic resources referred to above are significant to the Authority.

Based upon the application of these 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 considered a component unit of the Township of Brick.

C. Basis of Accounting

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net assets (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The funds of the Authority are all considered Enterprise Funds that are used to account for activities that are operated in a manner similar to those found in the private sector.

All enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 the 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.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements (continued)
For the years ended June 30, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

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 of America or 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 of America, 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 of America 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.

For the Statements of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less at time of acquisition.

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

F. Accounts Receivable - Tenants

Rents are due from tenants on the first day of each month. As a result, tenants' 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.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements (continued)
For the years ended June 30, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Prepaid Expenses

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

H. Capital Assets

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 fixed assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses, and Changes in Net Assets. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

Furniture and equipment	3 – 5 years
Site improvements	15 years
New buildings	40 years

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

I. Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. The Authority permits the carryover of one year of accrued unused vacation time up to a maximum of 25 days. Employees with at least 10 years of employment may be compensated for sick leave as used or at retirement. Other employees with at least 15 years of employment may be compensated for sick leave at separation. Sick leave compensation is based on 4 days of pay for every 5 days accrued to a maximum of 107 days for employees who have been employed for less than 25 years and a maximum of 115 days for employees who have been employed for 25 years or more. Unlimited sick leave may be accrued.

J. Deferred Revenue

The Authority's deferred revenue primarily consists of the prepayment of rent by residents and the receipt of HUD and other governmental program funding applicable to future periods.

K. 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 to zero. In accordance with GASB Statement No. 34, inter-program receivables and payables are eliminated for financial statement purposes, however they are reflected in the accompanying financial data schedule as required by HUD.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements (continued)
For the years ended June 30, 2011 and 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. 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.

M. Taxes

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

N. Equity Classifications

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

Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

O. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds 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.

P. Subsequent Events

Housing Authority of the Township of Brick has evaluated subsequent events occurring after June 30, 2011 through the date of September 23, 2011, which is the date the financial statements were available to be issued.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements (continued)
For the years ended June 30, 2011 and 2010

NOTE 3: CASH AND CASH EQUIVALENTS

At June 30, 2011 and 2010, the Authority had funds on deposit in checking and escrow accounts. All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

For the fiscal years ended June 30, 2011 and 2010, the carrying amount of the Authority's cash and cash equivalents was \$1,582,023 and \$1,745,424 and the bank balances totaled \$1,708,592 and \$1,836,738, respectively.

At June 30, 2011 and 2010, cash and cash equivalents consisted of the following:

	<u>2011</u>	<u>2010</u>
Unrestricted cash	\$ 467,188	\$ 511,151
Tenant security deposits	85,486	85,213
Certificates of deposit	-	919,412
Money market accounts	923,997	-
Restricted cash	<u>105,352</u>	<u>229,648</u>
Total cash and cash equivalents	<u>\$ 1,582,023</u>	<u>\$ 1,745,424</u>

NOTE 4: RESTRICTED CASH

Restricted cash consists of housing assistance payment reserves which are restricted for use only in the Housing Choice Voucher Program for tenant rents. This cash is offset with a corresponding restriction to net assets.

NOTE 5: ACCOUNTS RECEIVABLE, TENANTS

Tenants accounts receivable consists of rents past due and vacated tenants and are net of an allowance for doubtful accounts of \$- and \$493 for the years ended June 30, 2011 and 2010, respectively.

NOTE 6: CAPITAL ASSETS, NET

A summary of the changes in capital assets during 2011 and 2010 is as follows:

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements (continued)
For the years ended June 30, 2011 and 2010

NOTE 6: CAPITAL ASSETS, NET (continued)

<u>Description</u>	<u>June 30,</u> <u>2010</u>	<u>Additions</u>	<u>Transfers</u>	<u>June 30,</u> <u>2011</u>
Land	\$ 108,250	\$ -	\$ -	\$ 108,250
Buildings	12,122,495	647,004	-	12,769,499
Furniture and equipment	681,085	4,800	-	685,885
Leasehold improvements	882,036	-	-	882,036
Construction in progress	<u>566,808</u>	<u>121,478</u>	<u>-</u>	<u>688,286</u>
Total capital assets	14,360,674	773,282	-	15,133,956
Less: accumulated depreciation	<u>(9,053,700)</u>	<u>(358,136)</u>	<u>-</u>	<u>(9,411,836)</u>
Capital assets, net	<u>\$ 5,306,974</u>	<u>\$ 415,146</u>	<u>\$ -</u>	<u>\$ 5,722,120</u>

<u>Description</u>	<u>June 30,</u> <u>2009</u>	<u>Additions</u>	<u>Transfers</u>	<u>June 30,</u> <u>2010</u>
Land	\$ 108,250	\$ -	\$ -	\$ 108,250
Buildings	12,122,495	-	-	12,122,495
Furniture and equipment	681,085	-	-	681,085
Leasehold improvements	882,036	-	-	882,036
Construction in progress	<u>79,990</u>	<u>486,818</u>	<u>-</u>	<u>566,808</u>
Total capital assets	13,873,856	486,818	-	14,360,674
Less: accumulated depreciation	<u>(8,705,638)</u>	<u>(348,062)</u>	<u>-</u>	<u>(9,053,700)</u>
Capital assets, net	<u>\$ 5,168,218</u>	<u>\$ 138,756</u>	<u>\$ -</u>	<u>\$ 5,306,974</u>

NOTE 7: 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 of Brick. 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. For the year ended June 30, 2011 and 2010, the Authority incurred PILOT expenses in the amount of \$11,778 and \$15,613, respectively.

NOTE 8: PENSION PLAN

A. Plan Description

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan administered by Public Employees' Retirement System (PERS) of New Jersey, which is part of the Division of Pensions in the Department of Treasury, State of New Jersey. It provides retirement, disability, annual cost-of-living and death benefits to plan members and beneficiaries. The State

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements (continued)
For the years ended June 30, 2011 and 2010

NOTE 8: PENSION PLAN (continued)

administered funds were established by an Act of the State Legislature, which assigns the authority to establish and amend benefit provisions to the plan's board of trustees. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS.

B. Funding Status and Progress

Plan members are required to contribute 5.5% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Authority are established and may be amended by the plan's board of trustees. The Authority contributed \$61,924 and \$45,076 to PERS for the years ended June 30, 2011 and 2010, respectively.

NOTE 9: POST EMPLOYMENT BENEFITS

A. Plan Description

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating entities, including the Authority. The Plans are cost-sharing, multiple employer-defined benefit plans.

As a result of implementing GASB Statement No. 43, Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans ("OPEB"), effective for fiscal year 2007, the State Health Benefits Program ("SHBP") and the Prescription Drug Program ("PDP") and Post-Retirement Medical ("PRM") of the PERS and TPAF are combined and reported as Pension and Other Employee Benefit Trust funds in the State's Comprehensive Annual Financial Report ("CAFR"). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Fund (Health Benefits Program Fund-State). The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as a separate Fund (Health Benefits Program Fund-Local) in the State's CAFR. The health benefits programs had a total of 454 state and local participating employers and contributing entities for fiscal year 2008.

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 above trusts. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

B. Funding Status and Progress

P.L. 1987, c.384 and P.L. 1990, c.6 required the PERS to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements (continued)
For the years ended June 30, 2011 and 2010

NOTE 9: POST EMPLOYMENT BENEFITS (continued)

B. Funding Status and Progress (continued)

P.L. 1977, c.136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under 2 provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service.

PERS retirees are excluded from the provisions set forth in P.L. 1977, c.136 since their health benefits coverage is funded through each of their respective pension fund systems via an annual appropriation. The State and participating local governments made PRM contributions of \$224.3 million for PERS in fiscal year 2008.

The State will set in fiscal year 2008 the employer contribution rate based on the annual required contribution of the employers ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The Authority's contributions to the State Health Benefits Program Fund for post-retirement benefits for the years ended June 30, 2011 and 2010 were \$31,659 and \$27,011, respectively.

NOTE 10: CONSTRUCTION COMMITMENTS

At June 30, 2011 and 2010, the Authority retained outstanding construction commitments pertaining to its capital fund. 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.

NOTE 11: ECONOMIC DEPENDENCY

The Section 8 and the Low Rent Public Housing programs are economically dependent on annual grants from HUD.

NOTE 12: RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles for the past three years.

NOTE 13: CONTINGENT LIABILITIES

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

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Financial Statements (continued)
For the years ended June 30, 2011 and 2010

NOTE 13: CONTINGENT LIABILITIES (continued)

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 June 30, 2011, the Authority estimates that no material liabilities will result from such audits.

Also, the Authority is a defendant in a litigation matter. The Plaintiff has filed a complaint stating that the Authority is liable for unpaid construction costs. Subsequent to year-end, a tentative agreement between the parties has been reached; however, the liability is contingent upon certain certifications from the Plaintiff. The liability has not been accrued in these financial statements because a reasonable estimate cannot yet be determined until all certifications have been received.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Detailed Statements of Revenues, Expenses, and Changes in Net Assets
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Apartment rentals:		
70300 Net tenant rental revenue	\$ 905,927	\$ 908,079
70400 Tenant revenue - other	3,314	-
70600 HUD operating grants	<u>2,255,794</u>	<u>2,434,502</u>
Total rental revenue, net	<u>3,165,035</u>	<u>3,342,581</u>
Financial revenue:		
71100 Investment income - unrestricted	5,462	12,602
72000 Investment income - restricted	<u>480</u>	<u>630</u>
Total financial revenue	<u>5,942</u>	<u>13,232</u>
Other revenue:		
70610 Capital grants	618,696	486,818
71400 Fraud recovery	4,230	5,239
71500 Miscellaneous revenue	<u>749,406</u>	<u>106,141</u>
Total other revenue	<u>1,372,332</u>	<u>598,198</u>
Total revenue	<u>4,543,309</u>	<u>3,954,011</u>
Expenses:		
Administrative:		
91100 Administrative salaries	346,225	350,848
91200 Audit expense	9,574	9,378
91400 Advertising and marketing	2,122	2,331
91500 Employee benefits	210,556	197,643
91600 Office expense	43,005	48,223
91700 Legal expense	18,256	22,652
91800 Travel	9,824	8,888
91900 Miscellaneous administrative expense	<u>134,351</u>	<u>117,769</u>
Total administrative	<u>773,913</u>	<u>757,732</u>
Tenant services:		
92100 Salaries	46,747	39,563
92300 Employee benefits	11,553	-
92400 Other tenant services	<u>8,900</u>	<u>14,295</u>
Total tenant services	<u>67,200</u>	<u>53,858</u>

See independent auditors' report.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Detailed Statements of Revenues, Expenses, and Changes in Net Assets
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Expenses (continued):		
Utilities:		
93100 Water	54,368	57,144
93200 Electricity	259,504	229,934
93300 Gas	102,343	85,637
93600 Other utility expense	122,712	126,703
Total utilities	<u>538,927</u>	<u>499,418</u>
Operating and maintenance:		
94100 Salaries	193,843	254,391
94200 Materials	36,038	40,477
94300 Contracts	287,021	384,422
94500 Employee benefits	111,765	108,620
Total operating and maintenance	<u>628,667</u>	<u>787,910</u>
General expenses:		
96140 Insurance	83,819	82,361
96210 Compensated absences	9,317	8,107
96300 Payment in lieu of taxes	11,778	15,613
96400 Bad debt - tenant rents	1,912	3,707
Total general expenses	<u>106,826</u>	<u>109,788</u>
Extraordinary maintenance:		
97100 Extraordinary maintenance	852	18,146
Total extraordinary maintenance	<u>852</u>	<u>18,146</u>
Housing assistance payments:		
97300 Housing assistance payments	1,883,061	1,222,880
Total housing assistance payments	<u>1,883,061</u>	<u>1,222,880</u>
Total cost of operations before depreciation	<u>3,999,446</u>	<u>3,449,732</u>
Change in net assets before depreciation	543,863	504,279
97400 Depreciation expense	<u>358,136</u>	<u>348,062</u>
Change in net assets	185,727	156,217
Net assets, beginning of year	<u>6,774,561</u>	<u>6,618,344</u>
Net assets, end of year	<u>\$ 6,960,288</u>	<u>\$ 6,774,561</u>

See independent auditors' report.

Brick Housing Authority (NJ065)
Brick Town, NJ
Entity Wide Balance Sheet Summary

Schedule II

Submission Type: Unaudited/A-133 Fiscal Year End: 06/30/2011

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$1,086,399	\$304,786	\$1,391,185	\$1,391,185
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$105,352	\$105,352	\$105,352
114 Cash - Tenant Security Deposits	\$85,486		\$85,486	\$85,486
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$1,171,885	\$410,138	\$1,582,023	\$1,582,023
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$2,866		\$2,866	\$2,866
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous		\$7,634	\$7,634	\$7,634
126 Accounts Receivable - Tenants	\$150		\$150	\$150
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$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	\$3,016	\$7,634	\$10,650	\$10,650
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$43,431		\$43,431	\$43,431
143 Inventories				

Brick Housing Authority (NJ065)
Brick Town, NJ
Entity Wide Balance Sheet Summary

Schedule II
(continued)

Submission Type: Unaudited/A-133 Fiscal Year End: 06/30/2011

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From	\$17,622		\$17,622	\$17,622
145 Assets Held for Sale				
150 Total Current Assets	\$1,235,954	\$417,772	\$1,653,726	\$1,653,726
161 Land	\$108,250		\$108,250	\$108,250
162 Buildings	\$12,769,499		\$12,769,499	\$12,769,499
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$685,885		\$685,885	\$685,885
165 Leasehold Improvements	\$882,036		\$882,036	\$882,036
166 Accumulated Depreciation	-\$9,411,836		-\$9,411,836	-\$9,411,836
167 Construction in Progress	\$688,286		\$688,286	\$688,286
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,722,120	\$0	\$5,722,120	\$5,722,120
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$5,722,120	\$0	\$5,722,120	\$5,722,120
190 Total Assets	\$6,958,074	\$417,772	\$7,375,846	\$7,375,846
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$215,602		\$215,602	\$215,602

Brick Housing Authority (NJ065)

Brick Town, NJ

Entity Wide Balance Sheet Summary

Schedule II
(continued)

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$11,521	\$1,001	\$12,522	\$12,522
322 Accrued Compensated Absences - Current Portion	\$28,322	\$3,270	\$31,592	\$31,592
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$11,778		\$11,778	\$11,778
341 Tenant Security Deposits	\$85,486		\$85,486	\$85,486
342 Deferred Revenues	\$27		\$27	\$27
343 Current Portion of Long-term Debt - Capital Projects/Mortgage				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities	\$1,319		\$1,319	\$1,319
346 Accrued Liabilities - Other				
347 Inter Program - Due To		\$17,622	\$17,622	\$17,622
348 Loan Liability - Current				
310 Total Current Liabilities	\$354,055	\$21,893	\$375,948	\$375,948
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$37,350	\$2,260	\$39,610	\$39,610
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$37,350	\$2,260	\$39,610	\$39,610

Brick Housing Authority (NJ065)
Brick Town, NJ
Entity Wide Balance Sheet Summary

Schedule II
(continued)

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
300 Total Liabilities	\$391,405	\$24,153	\$415,558	\$415,558
508.1 Invested In Capital Assets, Net of Related Debt	\$5,722,120		\$5,722,120	\$5,722,120
509.2 Fund Balance Reserved				
511.2 Unreserved, Designated Fund Balance				
511.1 Restricted Net Assets		\$105,352	\$105,352	\$105,352
512.1 Unrestricted Net Assets	\$844,549	\$288,267	\$1,132,816	\$1,132,816
512.2 Unreserved, Undesignated Fund Balance				
513 Total Equity/Net Assets	\$6,566,669	\$393,619	\$6,960,288	\$6,960,288
600 Total Liabilities and Equity/Net Assets	\$6,958,074	\$417,772	\$7,375,846	\$7,375,846

Brick Housing Authority (NJ065)
Brick Town, NJ

Schedule II
(continued)

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$905,927		\$905,927	\$905,927
70400 Tenant Revenue - Other	\$3,314		\$3,314	\$3,314
70500 Total Tenant Revenue	\$909,241	\$0	\$909,241	\$909,241
70600 HUD PHA Operating Grants	\$823,848	\$1,431,946	\$2,255,794	\$2,255,794
70610 Capital Grants	\$618,696		\$618,696	\$618,696
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	\$5,161	\$301	\$5,462	\$5,462
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		\$4,230	\$4,230	\$4,230
71500 Other Revenue	\$71,774	\$677,633	\$749,407	\$749,407
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted		\$480	\$480	\$480
70000 Total Revenue	\$2,428,720	\$2,114,590	\$4,543,310	\$4,543,310
91100 Administrative Salaries	\$223,085	\$123,140	\$346,225	\$346,225

Brick Housing Authority (NJ065)
Brick Town, NJ

Schedule II
(continued)

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
91200 Auditing Fees	\$7,694	\$1,880	\$9,574	\$9,574
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$2,122		\$2,122	\$2,122
91500 Employee Benefit contributions - Administrative	\$155,429	\$55,127	\$210,556	\$210,556
91600 Office Expenses	\$40,827	\$46,206	\$87,033	\$87,033
91700 Legal Expense	\$18,256		\$18,256	\$18,256
91800 Travel	\$9,824		\$9,824	\$9,824
91810 Allocated Overhead				
91900 Other	\$73,106	\$17,217	\$90,323	\$90,323
91000 Total Operating - Administrative	\$530,343	\$243,570	\$773,913	\$773,913
92000 Asset Management Fee				
92100 Tenant Services - Salaries	\$46,747		\$46,747	\$46,747
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services	\$11,553		\$11,553	\$11,553
92400 Tenant Services - Other	\$8,900		\$8,900	\$8,900
92500 Total Tenant Services	\$67,200	\$0	\$67,200	\$67,200
93100 Water	\$54,368		\$54,368	\$54,368
93200 Electricity	\$259,504		\$259,504	\$259,504
93300 Gas	\$102,343		\$102,343	\$102,343
93400 Fuel				
93500 Labor				
93600 Sewer	\$122,712		\$122,712	\$122,712
93700 Employee Benefit Contributions - Utilities				

Brick Housing Authority (NJ065)

Brick Town, NJ

Entity Wide Revenue and Expense Summary

Schedule II
(continued)

Submission Type: Unaudited/A-133 Fiscal Year End: 06/30/2011

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
93800 Other Utilities Expense				
93000 Total Utilities	\$538,927	\$0	\$538,927	\$538,927
94100 Ordinary Maintenance and Operations - Labor	\$193,843		\$193,843	\$193,843
94200 Ordinary Maintenance and Operations - Materials and Other	\$36,038		\$36,038	\$36,038
94300 Ordinary Maintenance and Operations Contracts	\$287,021		\$287,021	\$287,021
94500 Employee Benefit Contributions - Ordinary Maintenance	\$111,765		\$111,765	\$111,765
94000 Total Maintenance	\$628,667	\$0	\$628,667	\$628,667
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0
95000 Total Protective Services				
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation	\$83,819		\$83,819	\$83,819
96140 All Other Insurance	\$83,819	\$0	\$83,819	\$83,819
96100 Total Insurance Premiums				
96200 Other General Expenses				
96210 Compensated Absences	\$3,787	\$5,530	\$9,317	\$9,317
96300 Payments in Lieu of Taxes	\$11,778		\$11,778	\$11,778
96400 Bad debt - Tenant Rents	\$1,912		\$1,912	\$1,912
96500 Bad debt - Mortgages				

Brick Housing Authority (NJ065)

Brick Town, NJ

Entity Wide Revenue and Expense Summary

Schedule II
(continued)

Fiscal Year End: 06/30/2011

Submission Type: Unaudited/A-133

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$17,477	\$5,530	\$23,007	\$23,007
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,866,433	\$249,100	\$2,115,533	\$2,115,533
97000 Excess of Operating Revenue over Operating Expenses	\$562,287	\$1,865,490	\$2,427,777	\$2,427,777
97100 Extraordinary Maintenance	\$852		\$852	\$852
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$1,248,305	\$1,248,305	\$1,248,305
97350 HAP Portability-In		\$634,756	\$634,756	\$634,756
97400 Depreciation Expense	\$358,136		\$358,136	\$358,136
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$2,225,421	\$2,132,161	\$4,357,582	\$4,357,582
10010 Operating Transfer In				
10020 Operating transfer Out				

Brick Housing Authority (NJ065)
Brick Town, NJ

Schedule II
(continued)

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133 Fiscal Year End: 06/30/2011

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$203,299	-\$17,571	\$185,728	\$185,728
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$6,363,370	\$411,190	\$6,774,560	\$6,774,560
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$288,267	\$288,267	\$288,267
11180 Housing Assistance Payments Equity		\$105,352	\$105,352	\$105,352
11190 Unit Months Available	3192	1704	4896	4896

Brick Housing Authority (NJ065)
Brick Town, NJ

Schedule II
(continued)

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2011

Submission Type: Unaudited/A-133

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
11210 Number of Unit Months Leased	3176	1545	4721	4721
11270 Excess Cash	\$687,325		\$687,325	\$687,325
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$768,483		\$768,483	\$768,483
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$4,800		\$4,800	\$4,800
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0



Certified Public Accountants & Consultants

**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***

The Board of Directors
Housing Authority of the Township of Brick:

We have audited the financial statements of the Housing Authority of the Township of Brick as of and for the year ended June 30, 2011, and have issued our report thereon dated September 23, 2011. 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

In planning and performing our audit, we considered the Housing Authority of the Township of Brick's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Township of Brick'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.

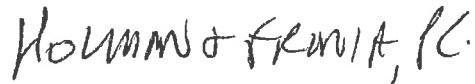
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



HOLMAN & FRENIA, P.C.
Certified Public Accountants

September 23, 2011
Toms River, New Jersey



Certified Public Accountants & Consultants

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Board of Directors
Housing Authority of the Township of Brick:

Compliance

We have audited the compliance of the Housing Authority of the Township of Brick, in the County of Ocean, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2011. Housing Authority of the Township of Brick's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants that could have a direct and material effect on each of its major federal programs is the responsibility of the Housing Authority of the Township of Brick's management. Our responsibility is to express an opinion on the Housing Authority of the Township of Brick's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 or state program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the Township of Brick'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. Our audit does not provide a legal determination on the Housing Authority of the Township of Brick's compliance with those requirements.

In our opinion, the Housing Authority of the Township of Brick, County of Ocean, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04.

Internal Control Over Compliance

The management of the Housing Authority of the Township of Brick is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants that could have a direct and material effect on major federal programs. In planning and performing our audit, we considered the Housing Authority of the Township of Brick's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Township of Brick'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.

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 the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the management of the Housing Authority of the Township of Brick, other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HOLMAN & FRENIA, P.C.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

September 23, 2011
Toms River, New Jersey

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011

<u>Grantor/Program Title</u>	<u>Federal CFDA/ Account Number</u>	<u>Grant Amount</u>	<u>Grant Period</u>	<u>Current Year Expenditures</u>
U.S. Department of Housing and Urban Development:				
Public and Indian Housing	14.850	\$ 771,142	07/01/2010-06/30/2011	\$ 771,142
Section 8 Housing Choice Vouchers	14.871	1,431,946	07/01/2010-06/30/2011	1,431,946
Public Housing Capital Fund Program	14.872	671,402	07/01/2010-06/30/2011	<u>671,402</u>
				<u>\$ 2,874,490</u>

See independent auditors' report and notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011

NOTE 1: GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Housing Authority of the Township of Brick. The Authority is defined in Note 1 of the general purpose financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 3: RELATIONSHIP TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Authority's general-purpose financial statements.

NOTE 4: RELATIONSHIP TO THE FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with amounts reported in the related Federal financial reports.

NOTE 5: NON-CASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2011.

NOTE 6: LOAN GUARANTEES

At June 30, 2011, the Authority is not the guarantor of any loans outstanding.

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Schedule of Findings and Questioned Costs
For the year ended June 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness identified?	No
2) Deficiencies in internal control identified that are not considered to be material weaknesses?	No
Noncompliance material to general purpose financial statements noted?	No

Federal Awards

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	No
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness identified?	No
2) Deficiencies in internal control identified that are not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133?	No
Identification of major programs:	

CFDA Number

Name of Federal Program

14.850
14.871
14.872

Public & Indian Housing
Section 8 Housing Choice Vouchers
Public Housing Capital Fund Program

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Schedule of Findings and Questioned Costs (continued)
For the year ended June 30, 2011

Section II – Financial Statement Findings

This section identifies the reportable conditions, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5 of *Government Auditing Standards*.

No Current Year Findings

Section III – Federal Financial Assistance Findings & Questioned Costs

This section identifies the reportable conditions, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required by OMB Circular A-133.

No Current Year Findings

HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK
Schedule of Prior Year Findings and Questioned Costs
For the year ended June 30, 2011

This section identifies the status of prior-year findings related to the basic financial statements and Federal awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards* and U.S. OMB Circular A-133 (section .315 (a)(b)).

No Prior Year Findings