

**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, 2012 and 2011**

**(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, 2012 and 2011**

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## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
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, 2012 and 2011, 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, 2012 and 2011, 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 14, 2012 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, and supplementary information on pages 3 through 8 and pages 23 through 24 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 Financial Data Schedules are presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal 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 financial assistance and Financial Data Schedules 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.

HOLMAN & FRENIA, PC  
HOLMAN & FRENIA, P.C.  
*Certified Public Accountants*

September 14, 2012  
Toms River, New Jersey

**BRICK HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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, 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 \$6,740,618 (net assets) as opposed to \$6,960,288 for the prior fiscal year for a decrease of \$219,670.
2. At of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Assets of \$1,205,340 representing an increase of \$72,524 from the prior fiscal year.
3. The Authority's cash and cash equivalents balance at June 30, 2012 was \$1,531,265 representing a decrease of \$50,758, from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$3,903,055 and Total Operating Expenses (excluding depreciation) of \$3,859,292 for the year ended June 30, 2012.
5. The Authority's capital outlays for the fiscal year were \$71,564.
6. The Authority's Expenditures of Federal Awards amounted to \$2,288,848 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, 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 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, 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 39 of this report.

C. The Authority as a Whole

The Authority's net assets decreased 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, 2012**

**C. The Authority as a Whole (continued)**

Computations of Net Assets are as follows:

|                               | <u>6/30/2012</u>    | <u>6/30/2011</u>    |
|-------------------------------|---------------------|---------------------|
| Cash and Other Current Assets | \$ 1,575,727        | \$ 1,640,101        |
| Capital Assets – Net          | 5,447,515           | 5,722,120           |
| Total Assets                  | <u>\$ 7,023,242</u> | <u>\$ 7,362,221</u> |
| Less: Total Liabilities       | 282,624             | 401,933             |
| Net Assets                    | <u>\$ 6,740,618</u> | <u>\$ 6,960,288</u> |
| Invested in Capital Assets    | \$ 5,447,515        | \$ 5,722,120        |
| Restricted Net Assets         | 87,763              | 105,352             |
| Unrestricted Net Assets       | 1,205,340           | 1,132,816           |
| Net Assets                    | <u>\$ 6,740,618</u> | <u>\$ 6,960,288</u> |

Computations of Changes in Net Assets are as follows:

|                                |                     |                     |
|--------------------------------|---------------------|---------------------|
| <u>Revenues</u>                |                     |                     |
| Tenant Revenues                | \$ 913,533          | \$ 909,241          |
| HUD Operating Grants           | 2,242,055           | 2,255,794           |
| Other Revenues                 | 747,467             | 753,636             |
| Total Operating Revenues       | <u>\$ 3,903,055</u> | <u>\$ 3,918,671</u> |
| <u>Expenses</u>                |                     |                     |
| Other Operating Expenses       | \$ 1,883,687        | \$ 2,116,385        |
| Housing Assistance Payments    | 1,975,605           | 1,883,061           |
| Depreciation Expense           | 346,169             | 358,136             |
| Total Operating Expenses       | <u>\$ 4,205,461</u> | <u>\$ 4,357,582</u> |
| Operating Loss                 | <u>\$ (302,406)</u> | <u>\$ (438,911)</u> |
| Non-Operating Revenues:        |                     |                     |
| Interest on Investments        | \$ 3,150            | \$ 5,942            |
| HUD Capital Grants             | 46,793              | 618,696             |
| Total Non-operating Revenues   | <u>\$ 49,943</u>    | <u>\$ 624,638</u>   |
| Change in Net Assets           | \$ (252,463)        | \$ 185,727          |
| Prior Period Adjustment        | 32,793              | 0                   |
| Net Assets - Beginning of Year | <u>6,960,288</u>    | <u>6,774,561</u>    |
| Net Assets - End of Year       | <u>\$ 6,740,618</u> | <u>\$ 6,960,288</u> |



**BRICK HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**C. The Authority as a Whole (continued)**

- Accounts Receivable-Misc. decreased due to the collection of outstanding payments from PHA's for administered portables due as of June 30<sup>th</sup>, 2011 and paid in June 30<sup>th</sup>, 2012.
- Capital Assets decreased \$274,605 as the PHA expended \$71,564 in capital improvements offset by depreciation of \$346,169. As a result the Investment in Capital Assets decreased accordingly.
- Accounts Payable decreased \$152,118 mostly due the accrual of a roof contract obligated as of June 30<sup>th</sup>, 2011 but not paid until July 2011.
- Accrued compensated absences-current increased \$4,773 due to the impending retirement of one employee.
- Invested in Capital Assets decreased \$274,605 for the reasons noted under capital assets above.
- Interest Income decreased \$2,792 due to lower earning rates.
- Capital grants decreased \$571,903 as the PHA received an ARRA grant in June 2011.
- Other revenue/HAP Port-Ins increased \$34,361 as the PHA administered more incoming port-ins June, 2012 than June 2011.
- Administrative salaries/tenant service salaries decreased \$28,231 due to two employees leaving the PHA and their positions left open.
- Utility costs decreased \$85,882 due to a very mild winter.
- Maintenance contracts decreased \$94,741 due to a reduction in snow removal costs as a result of the mild winter.
- Housing Assistance Payments increased \$52,118 as the PHA administered more vouchers in June 2012.

**D. Budgetary Highlights**

For the year ended June 30, 2012, 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

**BRICK HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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, 2012, the Authority's investment in capital assets, net of related debt for its Proprietary Fund was \$5,447,515. This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$46,793 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, 2012.

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 \$1,205,340 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 Anthony Matthews, Interim 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, 2012 and 2011**

|  | <u>2012</u>         | <u>2011</u>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>                                      |                     |                     |
| Current assets:                                    |                     |                     |
| Cash and cash equivalents                          | \$ 1,443,502        | \$ 1,476,671        |
| Restricted cash                                    | 87,763              | 105,352             |
| Accounts receivable                                | 1,669               | 14,646              |
| Prepaid expenses                                   | <u>42,793</u>       | <u>43,432</u>       |
| Total current assets                               | <u>1,575,727</u>    | <u>1,640,101</u>    |
| Capital assets, net                                | <u>5,447,515</u>    | <u>5,722,120</u>    |
| Total assets                                       | <u>7,023,242</u>    | <u>7,362,221</u>    |
| <b>LIABILITIES</b>                                 |                     |                     |
| Current liabilities:                               |                     |                     |
| Accounts payable                                   | 106,213             | 228,700             |
| Accrued wages and payroll taxes                    | 15,076              | 15,907              |
| Accrued compensated absences, current              | 11,893              | 7,120               |
| Tenant security deposits                           | 89,537              | 85,486              |
| Deferred revenues                                  | <u>12</u>           | <u>638</u>          |
| Total current liabilities                          | <u>222,731</u>      | <u>337,851</u>      |
| Long-term liabilities:                             |                     |                     |
| Accrued compensated absences, less current portion | <u>59,893</u>       | <u>64,082</u>       |
| Total liabilities                                  | <u>282,624</u>      | <u>401,933</u>      |
| <b>NET ASSETS</b>                                  |                     |                     |
| Net assets:  |                     |                     |
| Invested in capital assets, net of related debt    | 5,447,515           | 5,722,120           |
| Restricted   | 87,763              | 105,352             |
| Unrestricted                                       | <u>1,205,340</u>    | <u>1,132,816</u>    |
| Total net assets                                   | <u>\$ 6,740,618</u> | <u>\$ 6,960,288</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, 2012 and 2011**

|  | <u>2012</u>         | <u>2011</u>         |
|--|---------------------|---------------------|
| Operating revenues:                        |                     |                     |
| Tenant revenue                             | \$ 913,533          | \$ 909,241          |
| HUD operating grants                       | 2,242,055           | 2,255,794           |
| Other revenues                             | <u>747,467</u>      | <u>753,636</u>      |
| Total operating revenues                   | <u>3,903,055</u>    | <u>3,918,671</u>    |
| Operating expenses:                        |                     |                     |
| Administrative                             | 677,039             | 773,913             |
| Tenant services                            | 25,402              | 67,200              |
| Utilities                                  | 453,045             | 538,927             |
| Ordinary repairs and maintenance           | 610,972             | 628,667             |
| General expenses                           | 117,229             | 106,826             |
| Extraordinary maintenance                  | -                   | 852                 |
| Housing assistance payments                | 1,975,605           | 1,883,061           |
| Depreciation                               | <u>346,169</u>      | <u>358,136</u>      |
| Total operating expenses                   | <u>4,205,461</u>    | <u>4,357,582</u>    |
| Operating loss                             | <u>(302,406)</u>    | <u>(438,911)</u>    |
| Non-operating revenues:                    |                     |                     |
| Investment income                          | <u>3,150</u>        | <u>5,942</u>        |
| Net loss before capital grants             | <u>(299,256)</u>    | <u>(432,969)</u>    |
| Capital grants                             | <u>46,793</u>       | <u>618,696</u>      |
| Change in net assets                       | (252,463)           | 185,727             |
| Net assets, beginning of year (unadjusted) | 6,960,288           | 6,774,561           |
| Prior period adjustment                    | <u>32,793</u>       | <u>-</u>            |
| Net assets, beginning of year (adjusted)   | <u>6,993,081</u>    | <u>6,774,561</u>    |
| Net assets, end of year                    | <u>\$ 6,740,618</u> | <u>\$ 6,960,288</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, 2012 and 2011

|  | <u>2012</u>         | <u>2011</u>         |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>       |                     |                     |
| Cash received from tenants                         | \$ 1,677,402        | \$ 1,649,709        |
| Cash received from grantors                        | 2,242,055           | 2,255,794           |
| Cash paid to employees                             | (560,521)           | (635,955)           |
| Cash paid to vendors                               | <u>(3,388,073)</u>  | <u>(3,284,305)</u>  |
| Net cash flows from operating activities           | <u>(29,137)</u>     | <u>(14,757)</u>     |
| <b>Cash flows from capital activities:</b>         |                     |                     |
| Purchases of capital assets                        | (71,564)            | (773,282)           |
| Proceeds from capital grants                       | <u>46,793</u>       | <u>618,696</u>      |
| Net cash flows from capital activities             | <u>(24,771)</u>     | <u>(154,586)</u>    |
| <b>Cash flows from investing activities:</b>       |                     |                     |
| Interest received on investments                   | <u>3,150</u>        | <u>5,942</u>        |
| Net cash flows from investing activities           | <u>3,150</u>        | <u>5,942</u>        |
| Net change in cash                                 | (50,758)            | (163,401)           |
| Cash and cash equivalents, beginning of year       | <u>1,582,023</u>    | <u>1,745,424</u>    |
| Cash and cash equivalents, end of year             | <u>\$ 1,531,265</u> | <u>\$ 1,582,023</u> |
| <b>Reconciliation to Statements of Net Assets:</b> |                     |                     |
| Cash and cash equivalents                          | \$ 1,443,502        | \$ 1,476,671        |
| Restricted cash                                    | <u>87,763</u>       | <u>105,352</u>      |
| Total cash and cash equivalents                    | <u>\$ 1,531,265</u> | <u>\$ 1,582,023</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, 2012 and 2011**

|  | <u>2012</u>        | <u>2011</u>        |
|--|--------------------|--------------------|
| <b>Reconciliation of operating loss to net cash flows from operating activities:</b> |                    |                    |
| Operating loss   | \$ (302,406)       | \$ (438,911)       |
| Items which did not use cash:  |                    |                    |
| Depreciation   | 346,169            | 358,136            |
| Prior period adjustment  | 32,793             | -                  |
| Working capital changes which (used)/provided cash:                                  |                    |                    |
| Accounts receivable - tenants  | 12,977             | (10,755)           |
| Prepaid expenses   | 639                | (24)               |
| Accounts payable   | (122,487)          | 128,350            |
| Accrued wages and payroll taxes  | (831)              | 13,675             |
| Accrued compensated absences   | 584                | (62,815)           |
| Tenant security deposits   | 4,051              | 273                |
| Deferred revenues  | <u>(626)</u>       | <u>(2,686)</u>     |
| Net cash flows from operating activities   | <u>\$ (29,137)</u> | <u>\$ (14,757)</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, 2012 and 2011**

**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, 2012 and 2011**

**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, 2012 and 2011**

**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, 2012 and 2011**

**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, 2012 and 2011**

**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, 2012 through the date of September 14, 2012, 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, 2012 and 2011

### NOTE 6: CAPITAL ASSETS, NET (continued)

| <u>Description</u>             | <u>June 30,<br/>2011</u> | <u>Additions</u>    | <u>Deletions</u> | <u>June 30,<br/>2012</u> |
|--------------------------------|--------------------------|---------------------|------------------|--------------------------|
| Land                           | \$ 108,250               | \$ -                | \$ -             | \$ 108,250               |
| Buildings                      | 12,769,499               | 24,771              | -                | 12,794,270               |
| Furniture and equipment        | 685,885                  | -                   | (45,182)         | 640,703                  |
| Leasehold improvements         | 882,036                  | -                   | -                | 882,036                  |
| Construction in progress       | <u>688,286</u>           | <u>46,793</u>       | <u>-</u>         | <u>735,079</u>           |
| Total capital assets           | 15,133,956               | 71,564              | (45,182)         | 15,160,338               |
| Less: accumulated depreciation | <u>(9,411,836)</u>       | <u>(346,169)</u>    | <u>45,182</u>    | <u>(9,712,823)</u>       |
| Capital assets, net            | <u>\$ 5,722,120</u>      | <u>\$ (274,605)</u> | <u>\$ -</u>      | <u>\$ 5,447,515</u>      |

  

| <u>Description</u>             | <u>June 30,<br/>2010</u> | <u>Additions</u>  | <u>Deletions</u> | <u>June 30,<br/>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>      |

### 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, 2012 and 2011, the Authority incurred PILOT expenses in the amount of \$20,797 and \$11,778, 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**  
**Detailed Schedules of Revenues, Expenses, and Changes in Net Assets**  
**For the years ended June 30, 2012 and 2011**

**Schedule I**  
**(continued)**

|  | <u>2012</u>         | <u>2011</u>         |
|--|---------------------|---------------------|
| Expenses (continued):                              |                     |                     |
| Operating and maintenance:                         |                     |                     |
| 94100 Salaries                                     | 229,894             | 193,843             |
| 94200 Materials                                    | 42,621              | 36,038              |
| 94300 Contracts                                    | 192,280             | 287,021             |
| 94500 Employee benefits                            | <u>146,177</u>      | <u>111,765</u>      |
| Total operating and maintenance                    | <u>610,972</u>      | <u>628,667</u>      |
| General expenses:                                  |                     |                     |
| 96140 Insurance                                    | 86,225              | 83,819              |
| 96210 Compensated absences                         | 10,093              | 9,317               |
| 96300 Payment in lieu of taxes                     | 20,797              | 11,778              |
| 96400 Bad debt - tenant rents                      | <u>114</u>          | <u>1,912</u>        |
| Total general expenses                             | <u>117,229</u>      | <u>106,826</u>      |
| Extraordinary maintenance:                         |                     |                     |
| 97100 Extraordinary maintenance                    | <u>-</u>            | <u>852</u>          |
| Total extraordinary maintenance                    | <u>-</u>            | <u>852</u>          |
| Housing assistance payments:                       |                     |                     |
| 97300 Housing assistance payments                  | 1,300,423           | 1,248,305           |
| 97350 Housing assistance payments - portability-in | <u>675,182</u>      | <u>634,756</u>      |
| Total housing assistance payments                  | <u>1,975,605</u>    | <u>1,883,061</u>    |
| Total cost of operations before depreciation       | <u>3,859,292</u>    | <u>3,999,446</u>    |
| Change in net assets before depreciation           | 93,706              | 543,863             |
| 97400 Depreciation expense                         | <u>346,169</u>      | <u>358,136</u>      |
| Change in net assets                               | (252,463)           | 185,727             |
| Net assets, beginning of year (unadjusted)         | 6,960,288           | 6,774,561           |
| Prior period adjustment                            | <u>32,793</u>       | <u>-</u>            |
| Net assets, beginning of year (adjusted)           | <u>6,993,081</u>    | <u>6,774,561</u>    |
| Net assets, end of year                            | <u>\$ 6,740,618</u> | <u>\$ 6,960,288</u> |

See independent auditors' report.

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

Schedule II

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

|  | Project Total | 14.871 Housing<br>Choice Vouchers | Subtotal    | ELIM | Total       |
|--|---------------|-----------------------------------|-------------|------|-------------|
| 111 Cash - Unrestricted  | \$1,072,597   | \$281,368                         | \$1,353,965 |      | \$1,353,965 |
| 112 Cash - Restricted - Modernization and Development          |               |                                   |             |      |             |
| 113 Cash - Other Restricted                                    |               | \$87,763                          | \$87,763    |      | \$87,763    |
| 114 Cash - Tenant Security Deposits                            | \$89,537      |                                   | \$89,537    |      | \$89,537    |
| 115 Cash - Restricted for Payment of Current Liabilities       |               |                                   |             |      |             |
| 100 Total Cash   | \$1,162,134   | \$369,131                         | \$1,531,265 | \$0  | \$1,531,265 |
| 121 Accounts Receivable - PHA Projects                         |               |                                   |             |      |             |
| 122 Accounts Receivable - HUD Other Projects                   |               | \$1,404                           | \$1,404     |      | \$1,404     |
| 124 Accounts Receivable - Other Government                     |               |                                   |             |      |             |
| 125 Accounts Receivable - Miscellaneous                        |               |                                   |             |      |             |
| 126 Accounts Receivable - Tenants                              | \$265         |                                   | \$265       |      | \$265       |
| 126.1 Allowance for Doubtful Accounts - Tenants                | \$0           |                                   | \$0         |      | \$0         |
| 126.2 Allowance for Doubtful Accounts - Other                  |               | \$0                               | \$0         |      | \$0         |
| 127 Notes, Loans, & Mortgages Receivable - Current             |               |                                   |             |      |             |
| 128 Fraud Recovery   |               |                                   |             |      |             |
| 128.1 Allowance for Doubtful Accounts - Fraud                  |               |                                   |             |      |             |
| 129 Accrued Interest Receivable                                |               |                                   |             |      |             |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$265         | \$1,404                           | \$1,669     | \$0  | \$1,669     |
| 131 Investments - Unrestricted                                 |               |                                   |             |      |             |
| 132 Investments - Restricted                                   |               |                                   |             |      |             |
| 135 Investments - Restricted for Payment of Current Liability  |               |                                   |             |      |             |
| 142 Prepaid Expenses and Other Assets                          | \$42,793      |                                   | \$42,793    |      | \$42,793    |
| 143 Inventories  |               |                                   |             |      |             |

Brick Housing Authority (NJ065)

Schedule II

Brick Town, NJ

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2012

Submission Type: Audited/A-133

|   | Project Total | 14,871 Housing<br>Choice Vouchers | Subtotal     | ELIM      | Total        |
|---|---------------|-----------------------------------|--------------|-----------|--------------|
| 143.1 Allowance for Obsolete Inventories                          |               |                                   |              |           |              |
| 144 Inter Program Due From  | \$14,311      |                                   | \$14,311     | -\$14,311 | \$0          |
| 145 Assets Held for Sale  |               |                                   |              |           |              |
| 150 Total Current Assets  | \$1,219,503   | \$370,535                         | \$1,590,038  | -\$14,311 | \$1,575,727  |
| 161 Land  | \$108,250     |                                   | \$108,250    |           | \$108,250    |
| 162 Buildings   | \$12,794,271  |                                   | \$12,794,271 |           | \$12,794,271 |
| 163 Furniture, Equipment & Machinery - Dwellings                  | \$640,703     |                                   | \$640,703    |           | \$640,703    |
| 164 Furniture, Equipment & Machinery - Administration             |               |                                   |              |           |              |
| 165 Leasehold Improvements  | \$882,035     |                                   | \$882,035    |           | \$882,035    |
| 166 Accumulated Depreciation                                      | -\$9,712,823  |                                   | -\$9,712,823 |           | -\$9,712,823 |
| 167 Construction in Progress                                      | \$735,079     |                                   | \$735,079    |           | \$735,079    |
| 168 Infrastructure  |               |                                   |              |           |              |
| 160 Total Capital Assets, Net of Accumulated Depreciation         | \$5,447,515   | \$0                               | \$5,447,515  | \$0       | \$5,447,515  |
| 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                                      | \$5,447,515   | \$0                               | \$5,447,515  | \$0       | \$5,447,515  |
| 190 Total Assets  | \$6,667,018   | \$370,535                         | \$7,037,553  | -\$14,311 | \$7,023,242  |
| 311 Bank Overdraft  |               |                                   |              |           |              |
| 312 Accounts Payable <= 90 Days                                   | \$21,952      |                                   | \$21,952     |           | \$21,952     |

Brick Housing Authority (NJ065)  
Brick Town, NJ

Schedule II

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2012

Submission Type: Audited/A-133

|  | Project Total | 14.871 Housing<br>Choice Vouchers | Subtotal  | ELIM      | Total     |
|--|---------------|-----------------------------------|-----------|-----------|-----------|
| 313 Accounts Payable >90 Days Past Due                                 |               |                                   |           |           |           |
| 321 Accrued Wage/Payroll Taxes Payable                                 | \$13,392      | \$1,684                           | \$15,076  |           | \$15,076  |
| 322 Accrued Compensated Absences - Current Portion                     | \$5,855       | \$6,038                           | \$11,893  |           | \$11,893  |
| 324 Accrued Contingency Liability                                      |               |                                   |           |           |           |
| 325 Accrued Interest Payable   |               |                                   |           |           |           |
| 331 Accounts Payable - HUD PHA Programs                                |               |                                   |           |           |           |
| 332 Account Payable - PHA Projects                                     |               |                                   |           |           |           |
| 333 Accounts Payable - Other Government                                | \$20,797      |                                   | \$20,797  |           | \$20,797  |
| 341 Tenant Security Deposits   | \$89,537      |                                   | \$89,537  |           | \$89,537  |
| 342 Deferred Revenues  | \$12          |                                   | \$12      |           | \$12      |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage      |               |                                   |           |           |           |
| 344 Current Portion of Long-term Debt - Operating Borrowings           |               |                                   |           |           |           |
| 345 Other Current Liabilities  | \$1,320       |                                   | \$1,320   |           | \$1,320   |
| 346 Accrued Liabilities - Other  | \$62,144      |                                   | \$62,144  |           | \$62,144  |
| 347 Inter Program - Due To   |               | \$14,311                          | \$14,311  | -\$14,311 | \$0       |
| 348 Loan Liability - Current   |               |                                   |           |           |           |
| 310 Total Current Liabilities  | \$215,009     | \$22,033                          | \$237,042 | -\$14,311 | \$222,731 |
| 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                         | \$59,571      | \$322                             | \$59,893  |           | \$59,893  |
| 355 Loan Liability - Non Current                                       |               |                                   |           |           |           |
| 356 FASB 5 Liabilities   |               |                                   |           |           |           |
| 357 Accrued Pension and OPEB Liabilities                               |               |                                   |           |           |           |
| 350 Total Non-Current Liabilities                                      | \$59,571      | \$322                             | \$59,893  | \$0       | \$59,893  |



Brick Housing Authority (NJ065)

Schedule II

Brick Town, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

|   | Project Total | 14.871 Housing<br>Choice Vouchers | Subtotal    | ELIM      | Total       |
|---|---------------|-----------------------------------|-------------|-----------|-------------|
| 300 Total Liabilities                                 | \$274,580     | \$22,355                          | \$296,935   | -\$14,311 | \$282,624   |
| 508.1 Invested In Capital Assets, Net of Related Debt | \$5,447,515   |                                   | \$5,447,515 |           | \$5,447,515 |
| 509.2 Fund Balance Reserved                           |               |                                   |             |           |             |
| 511.2 Unreserved, Designated Fund Balance             |               |                                   |             |           |             |
| 511.1 Restricted Net Assets                           |               | \$87,763                          | \$87,763    |           | \$87,763    |
| 512.1 Unrestricted Net Assets                         | \$944,923     | \$260,417                         | \$1,205,340 |           | \$1,205,340 |
| 512.2 Unreserved, Undesignated Fund Balance           |               |                                   |             |           |             |
| 513 Total Equity/Net Assets                           | \$6,392,438   | \$348,180                         | \$6,740,618 | \$0       | \$6,740,618 |
| 600 Total Liabilities and Equity/Net Assets           | \$6,667,018   | \$370,535                         | \$7,037,553 | -\$14,311 | \$7,023,242 |

Brick Housing Authority (NJ065)  
Brick Town, NJ

Schedule II

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2012

Submission Type: Audited/A-133

|   | Project Total | 14,871 Housing<br>Choice Vouchers | Subtotal    | ELIM      | Total       |
|---|---------------|-----------------------------------|-------------|-----------|-------------|
| 70300 Net Tenant Rental Revenue                         | \$911,041     |                                   | \$911,041   |           | \$911,041   |
| 70400 Tenant Revenue - Other                            | \$2,492       |                                   | \$2,492     |           | \$2,492     |
| 70500 Total Tenant Revenue                              | \$913,533     | \$0                               | \$913,533   | \$0       | \$913,533   |
| 70600 HUD PHA Operating Grants                          | \$818,102     | \$1,423,953                       | \$2,242,055 |           | \$2,242,055 |
| 70610 Capital Grants                                    | \$46,793      |                                   | \$46,793    |           | \$46,793    |
| 70710 Management Fee                                    |               |                                   |             |           |             |
| 70720 Asset Management Fee                              |               |                                   |             |           |             |
| 70730 Book Keeping Fee                                  |               |                                   |             |           |             |
| 70740 Front Line Service Fee                            |               |                                   |             |           |             |
| 70750 Other Fees  |               |                                   |             |           |             |
| 70700 Total Fee Revenue                                 |               |                                   | \$0         | \$0       | \$0         |
| 70800 Other Government Grants                           |               |                                   |             |           |             |
| 71100 Investment Income - Unrestricted                  | \$2,735       | \$316                             | \$3,051     |           | \$3,051     |
| 71200 Mortgage Interest Income                          |               |                                   |             |           |             |
| 71300 Proceeds from Disposition of Assets Held for Sale |               |                                   |             |           |             |
| 71310 Cost of Sale of Assets                            |               |                                   |             |           |             |
| 71400 Fraud Recovery                                    |               | \$6,444                           | \$6,444     |           | \$6,444     |
| 71500 Other Revenue                                     | \$63,003      | \$720,764                         | \$783,767   | -\$42,744 | \$741,023   |
| 71600 Gain or Loss on Sale of Capital Assets            |               |                                   |             |           |             |
| 72000 Investment Income - Restricted                    |               | \$99                              | \$99        |           | \$99        |
| 70000 Total Revenue                                     | \$1,844,166   | \$2,151,576                       | \$3,995,742 | -\$42,744 | \$3,952,998 |
| 91100 Administrative Salaries                           | \$236,998     | \$73,382                          | \$310,380   |           | \$310,380   |

Brick Housing Authority (NJ065)

Schedule II

Brick Town, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2012

Submission Type: Audited/A-133

|  | Project Total | 14,871 Housing<br>Choice Vouchers | Subtotal  | ELIM      | Total     |
|--|---------------|-----------------------------------|-----------|-----------|-----------|
| 91200 Auditing Fees                                    | \$7,898       | \$1,920                           | \$9,818   |           | \$9,818   |
| 91300 Management Fee                                   |               |                                   |           |           |           |
| 91310 Book-keeping Fee                                 |               |                                   |           |           |           |
| 91400 Advertising and Marketing                        | \$5,139       |                                   | \$5,139   |           | \$5,139   |
| 91500 Employee Benefit contributions - Administrative  | \$168,571     | \$59,946                          | \$228,517 |           | \$228,517 |
| 91600 Office Expenses                                  | \$44,640      | \$47,841                          | \$92,481  | -\$26,304 | \$66,177  |
| 91700 Legal Expense                                    | \$11,223      |                                   | \$11,223  |           | \$11,223  |
| 91800 Travel   | \$6,294       | \$1,051                           | \$7,345   |           | \$7,345   |
| 91810 Allocated Overhead                               |               |                                   |           |           |           |
| 91900 Other  | \$38,440      | \$16,440                          | \$54,880  | -\$16,440 | \$38,440  |
| 91000 Total Operating - Administrative                 | \$519,203     | \$200,580                         | \$719,783 | -\$42,744 | \$677,039 |
| 92000 Asset Management Fee                             |               |                                   |           |           |           |
| 92100 Tenant Services - Salaries                       |               | \$20,000                          | \$20,000  |           | \$20,000  |
| 92200 Relocation Costs                                 |               |                                   |           |           |           |
| 92300 Employee Benefit Contributions - Tenant Services |               |                                   |           |           |           |
| 92400 Tenant Services - Other                          | \$5,402       |                                   | \$5,402   |           | \$5,402   |
| 92500 Total Tenant Services                            | \$5,402       | \$20,000                          | \$25,402  | \$0       | \$25,402  |
| 93100 Water  | \$49,353      |                                   | \$49,353  |           | \$49,353  |
| 93200 Electricity                                      | \$209,907     |                                   | \$209,907 |           | \$209,907 |
| 93300 Gas  | \$77,480      |                                   | \$77,480  |           | \$77,480  |
| 93400 Fuel   |               |                                   |           |           |           |
| 93500 Labor  |               |                                   |           |           |           |
| 93600 Sewer  | \$106,887     |                                   | \$106,887 |           | \$106,887 |
| 93700 Employee Benefit Contributions - Utilities       |               |                                   |           |           |           |

Brick Housing Authority (NJ065)  
Brick Town, NJ

Schedule II

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2012

|   | Project Total | 14.871 Housing<br>Choice Vouchers | Subtotal  | ELIM | Total     |
|---|---------------|-----------------------------------|-----------|------|-----------|
| 93800 Other Utilities Expense                                   | \$9,418       |                                   | \$9,418   |      | \$9,418   |
| 93000 Total Utilities   | \$453,045     | \$0                               | \$453,045 | \$0  | \$453,045 |
| 94100 Ordinary Maintenance and Operations - Labor               | \$229,894     |                                   | \$229,894 |      | \$229,894 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$42,621      |                                   | \$42,621  |      | \$42,621  |
| 94300 Ordinary Maintenance and Operations Contracts             | \$192,280     |                                   | \$192,280 |      | \$192,280 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance     | \$146,177     |                                   | \$146,177 |      | \$146,177 |
| 94000 Total Maintenance   | \$610,972     | \$0                               | \$610,972 | \$0  | \$610,972 |
| 95100 Protective Services - Labor                               |               |                                   |           |      |           |
| 95200 Protective Services - Other Contract Costs                |               |                                   |           |      |           |
| 95300 Protective Services - Other                               |               |                                   |           |      |           |
| 95500 Employee Benefit Contributions - Protective Services      |               |                                   |           |      |           |
| 95000 Total Protective Services                                 | \$0           | \$0                               | \$0       | \$0  | \$0       |
| 96110 Property Insurance  | \$35,352      |                                   | \$35,352  |      | \$35,352  |
| 96120 Liability Insurance                                       | \$24,143      |                                   | \$24,143  |      | \$24,143  |
| 96130 Workmen's Compensation                                    | \$20,694      |                                   | \$20,694  |      | \$20,694  |
| 96140 All Other Insurance                                       | \$6,036       |                                   | \$6,036   |      | \$6,036   |
| 96100 Total Insurance Premiums                                  | \$86,225      | \$0                               | \$86,225  | \$0  | \$86,225  |
| 96200 Other General Expenses                                    |               |                                   |           |      |           |
| 96210 Compensated Absences                                      | \$9,263       | \$830                             | \$10,093  |      | \$10,093  |
| 96300 Payments in Lieu of Taxes                                 | \$20,797      |                                   | \$20,797  |      | \$20,797  |
| 96400 Bad debt - Tenant Rents                                   | \$114         |                                   | \$114     |      | \$114     |
| 96500 Bad debt - Mortgages                                      |               |                                   |           |      |           |

## Brick Housing Authority (NJ065)

## Schedule II

Brick Town, NJ

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

|   | Project Total | 14,871 Housing<br>Choice Vouchers | Subtotal    | ELIM      | Total       |
|---|---------------|-----------------------------------|-------------|-----------|-------------|
| 96600 Bad debt - Other                                    |               |                                   |             |           |             |
| 96800 Severance Expense                                   |               |                                   |             |           |             |
| 96000 Total Other General Expenses                        | \$30,174      | \$830                             | \$31,004    | \$0       | \$31,004    |
| 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       | \$0         |
| 96900 Total Operating Expenses                            | \$1,705,021   | \$221,410                         | \$1,926,431 | -\$42,744 | \$1,883,687 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$139,145     | \$1,930,166                       | \$2,069,311 | \$0       | \$2,069,311 |
| 97100 Extraordinary Maintenance                           |               |                                   |             |           |             |
| 97200 Casualty Losses - Non-capitalized                   |               |                                   |             |           |             |
| 97300 Housing Assistance Payments                         |               | \$1,300,423                       | \$1,300,423 |           | \$1,300,423 |
| 97350 HAP Portability-In                                  |               | \$675,182                         | \$675,182   |           | \$675,182   |
| 97400 Depreciation Expense                                | \$346,169     |                                   | \$346,169   |           | \$346,169   |
| 97500 Fraud Losses  |               |                                   |             |           |             |
| 97600 Capital Outlays - Governmental Funds                |               |                                   |             |           |             |
| 97700 Debt Principal Payment - Governmental Funds         |               |                                   |             |           |             |
| 97800 Dwelling Units Rent Expense                         |               |                                   |             |           |             |
| 90000 Total Expenses                                      | \$2,051,190   | \$2,197,015                       | \$4,248,205 | -\$42,744 | \$4,205,461 |
| 10010 Operating Transfer In                               | \$29,627      |                                   | \$29,627    |           | \$29,627    |
| 10020 Operating transfer Out                              | -\$29,627     |                                   | -\$29,627   |           | -\$29,627   |

Brick Housing Authority (NJ065)

Schedule II

Brick Town, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2012

Submission Type: Audited/A-133

|  | Project Total | 14,871 Housing<br>Choice Vouchers | Subtotal    | ELIM | 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  | \$0         |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total      | -\$207,024    | -\$45,439                         | -\$252,463  | \$0  | -\$252,463  |
| 11020 Required Annual Debt Principal Payments                      | \$0           | \$0                               | \$0         |      | \$0         |
| 11030 Beginning Equity   | \$6,566,669   | \$393,619                         | \$6,960,288 |      | \$6,960,288 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of | \$32,793      |                                   | \$32,793    |      | \$32,793    |
| 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                                    |               | \$260,417                         | \$260,417   |      | \$260,417   |
| 11180 Housing Assistance Payments Equity                           |               | \$87,763                          | \$87,763    |      | \$87,763    |
| 11190 Unit Months Available  | 3192          | 1560                              | 4752        |      | 4752        |

Brick Housing Authority (NJ065)

Schedule II

Brick Town, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2012

Submission Type: Audited/A-133

|  | Project Total | 14.871 Housing<br>Choice Vouchers | Subtotal  | ELIM | Total     |
|--|---------------|-----------------------------------|-----------|------|-----------|
| 11210 Number of Unit Months Leased                     | 3181          | 1531                              | 4712      |      | 4712      |
| 11270 Excess Cash                                      | \$823,171     |                                   | \$823,171 |      | \$823,171 |
| 11610 Land Purchases                                   | \$0           |                                   | \$0       |      | \$0       |
| 11620 Building Purchases                               | \$62,699      |                                   | \$62,699  |      | \$62,699  |
| 11630 Furniture & Equipment - Dwelling Purchases       | \$0           |                                   | \$0       |      | \$0       |
| 11640 Furniture & Equipment - Administrative Purchases | \$8,866       |                                   | \$8,866   |      | \$8,866   |
| 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       |

**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 Commissioners  
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, 2012, and have issued our report thereon dated September 14, 2012. 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 Housing Authority of the Township of Brick is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Housing 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 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 Housing Authority of the Township of Brick'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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying *Schedule of Findings and Questioned Costs* that we consider to be significant deficiencies in internal control over financial reporting as Finding No.'s: 2012-01 and 2012-02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



### 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding No.'s: 2012-01 and 2012-02.

The Housing Authority of the Township of Brick's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of the Township of Brick's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, 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, PC*  
**HOLMAN & FRENIA, P.C.**  
*Certified Public Accountants*

September 14, 2012  
Toms River, New Jersey

**INDEPENDENT AUDITORS' 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 Commissioners  
Housing Authority of the Township of Brick:

**Compliance**

We have audited the Housing Authority of the Township of Brick's 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 Housing Authority of the Township of Brick's major federal programs for the year ended June 30, 2012. The 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 applicable to 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; 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 the 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 of the Housing Authority of the Township of Brick's compliance with those requirements.

In our opinion, the Housing Authority of the Township of Brick, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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.

### Internal Control Over Compliance

Management of the Housing Authority of the Township of Brick, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the Township of Brick's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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 deficiencies, 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 solely for the information and use of management, the Board of Commissioners, 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, PC  
HOLMAN & FRENIA, P.C.  
Certified Public Accountants

September 14, 2012  
Toms River, New Jersey

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2012**

| <u>Grantor/Program Title</u>                         | <u>Federal CFDA/<br/>Account Number</u> | <u>Grant<br/>Amount</u> | <u>Grant Period</u>   | <u>Current Year<br/>Expenditures</u> |
|--|---|-------------------------|-----------------------|--------------------------------------|
| U.S. Department of Housing<br>and Urban Development: |   |                         |                       |                                      |
| Public and Indian Housing                            | 14.850                                  | \$ 745,823              | 07/01/2011-06/30/2012 | \$ 745,823                           |
| Section 8 Housing Choice Vouchers                    | 14.871                                  | 1,423,953               | 07/01/2011-06/30/2012 | 1,423,953                            |
| Public Housing Capital Fund Program                  | 14.872                                  | 119,072                 | 07/01/2011-06/30/2012 | <u>119,072</u>                       |
|  |   |                         |                       | <u>\$ 2,288,848</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, 2012**

**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, 2012.

**NOTE 6: LOAN GUARANTEES**

At June 30, 2012, 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, 2012**

*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?  | None noted         |
| 2) Deficiencies in internal control identified that are not considered to be material weaknesses? | Yes                |
| Noncompliance material to general purpose financial statements noted?                             | None noted         |

**Federal Awards**

|  |                    |
|--|--------------------|
| Dollar threshold used to distinguish between type A and type B programs:                             | <u>\$ 300,000</u>  |
| Auditee qualified as low-risk auditee?   | Yes                |
| Type of auditors' report issued on compliance for major programs:                                    | <u>Unqualified</u> |
| Internal Control over major programs:  |                    |
| 1) Material weakness identified?   | None noted         |
| 2) Deficiencies in internal control identified that are not considered to be material weaknesses?    | None noted         |
| Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133? | None noted         |
| 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, 2012**

*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*.

Finding 2012-01:

**Criteria:** N.J.S.A. 40A:11-6.1 requires that “all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount...the contracting agent shall award the contract after soliciting at least two competitive quotations.”

**Condition:** During our testing we noted five (5) contracts awarded that were less than the bid threshold but exceeded the quotation threshold of \$2,625 without the Authority obtaining quotations.

**Context:** Pest control, electrical, and elevator maintenance services and two building repairs were contracted without obtaining two competitive quotations.

**Cause:** Management did not evaluate the aggregate payments that were needed to be made.

**Effect:** Contracts were awarded without going through proper purchasing procedures.

**Recommendation:** That the Authority evaluate services that may exceed the bid or quote thresholds in the aggregate and request bids or quotes as necessary in accordance with N.J.S.A. 40A:11-6.1.

**Management’s Response:** The Authority has obtained competitive quotes to correct this condition for the fiscal year ended June 30, 2013.

Finding 2012-02:

**Criteria:** Payments made to vendors should be in accordance with contracted prices approved by the Board of Commissioners.

**Condition:** During our testing we noted that trash removal services were billed and paid in excess of the contracted price awarded by the Board of Commissioners.

**Context:** A bid for trash removal services was awarded during the year ended June 30, 2011 for an amount not to exceed \$13,717.44. The Authority paid \$25,251.60 for these services during the contract period.

**Cause:** This was caused by the Authority not reconciling bills to the contract prior to payment.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**Schedule of Prior Year Findings and Questioned Costs**  
**For the year ended June 30, 2012**

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