

**FRANKLIN TOWNSHIP HOUSING AUTHORITY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTAL INFORMATION**  
**YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
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YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Franklin Township Housing Authority:

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Opinion

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

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Franklin Township Housing Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the financial statements and are presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

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

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 3, 2014 on our consideration of the Franklin Township Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Franklin Township Housing Authority's internal control over financial reporting and compliance.

June 3, 2014  
Toms River, New Jersey

*Fallon & Larsen LLP*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

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

**A**     Financial Highlights

1. The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,917,957 (net position) as opposed to \$1,471,580 for the prior fiscal year.
2. As of the close of the current fiscal year, the Authority reported ending Unrestricted Net Position of \$1,276,361.
3. The Authority's cash and cash equivalent balance (including restricted cash) at September 30, 2013 was \$2,074,469 representing an increase of \$465,633 from the prior fiscal year.
4. The Authority had operating revenues of \$3,997,467 and operating expenses of \$4,268,220 for the year ended September 30, 2013.
5. The Authority's capital expenditures for the fiscal year were \$0.
6. The Authority's Expenditures of Federal Awards amounted to \$4,184,150 for the fiscal year.
7. HUD required the Authority to utilize \$144,477 of Housing Choice Voucher program restricted cash for housing assistance payments for fiscal year ended September 30, 2013.

**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 general purpose financial statements.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

B. Using the Annual Report (continued)

1. Management's Discussion and Analysis (continued)

The Authority's general purpose financial statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

2. Basic Financial Statements

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

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

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

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

The basic financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The basic financial statements can be found on pages 11 through 14 in this Report.



**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

B. Using the Annual Report (continued)

2. 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.

3. 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 34 of this report.

C. The Authority as a Whole

The Authority's Net Position decreased during the fiscal year as detailed on the next page. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were insufficient to cover all expenses during the fiscal year.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

Computations of Net Position are as follows:

As of

	09/30/13	09/30/12	Variance
Cash and Other Current Assets	\$ 2,085,672	\$ 1,541,207	\$ 544,465
Other Assets	641,596	786,073	(144,477)
Total Assets	2,727,268	2,327,280	(399,988)
Less: Total Liabilities	809,311	855,700	(46,389)
Net Position	1,917,957	1,471,580	\$ 446,377
Restricted Net Position	641,596	786,073	(144,477)
Unrestricted Net Position	1,276,361	685,507	590,854
Total Net Position	\$ 1,917,957	\$ 1,471,580	\$ 446,377
Changes in Net Position are as follows:	Years Ended		
	09/30/13	09/30/12	Variance
<u>Revenues</u>			
HUD Operating Grants	2,401,092	2,196,435	204,657
Other Revenues	1,596,375	1,236,638	359,737
Total Operating Revenues	3,997,467	3,433,073	564,394
<u>Expenses</u>			
Other Operating Expenses	706,408	836,094	(129,686)
Housing Assistance Payments	3,561,812	3,440,065	121,747
Total Operating Expenses	4,268,220	4,276,159	(7,939)
Excess (Deficiency) of Operating Revenues Over Expenses	(270,753)	(843,086)	572,333
<u>Non-Operating Revenues (Expenses)</u>			
Developer Fee Income	704,617	-	704,617
Land Lease Revenue	9,871	9,871	-
Interest on Investments	2,642	3,123	(481)
Change in Net Position	446,377	(830,092)	1,276,469
Net Position – Beginning of Year	1,471,580	2,301,672	(830,092)
Net Position – End of Year	\$ 1,917,957	\$ 1,471,580	\$ 446,377

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

C. The Authority as a Whole (continued)

- Cash and cash equivalents increased \$465,633 primarily due to the Authority receiving a development fee of \$704,617 related to the redevelopment of Parkside Village.
- Accounts receivable – HUD decreased from \$73,136 in FY 2012 to \$317 in 2013 or \$72,819 as a result of the Authority collecting subsidy owed from HUD in FY 2013 which was receivable in FY 2012.
- Prepaid revenues decreased \$9,871 primarily due to the Authority recognizing one year of land lease revenue.
- Housing Choice Voucher program operating grants increased from \$1,713,036 in FY 2012 to \$2,081,938 in FY 2013. The increase is because HUD required the Authority to utilize all of its HAP reserves in lieu of receiving grant payments. In FY 2012, the Authority utilized \$701,988 of its reserves and in FY 2013; the Authority utilized the remaining \$144,477. Therefore, because the Authority utilized all of its HAP reserves in 2013, HUD was required to fund the program with additional grants.
- Other revenues increased \$359,737 as the Authority earned more port-in revenues in FY 2013 than in FY 2012.
- Administrative expenses decreased \$52,978, as the Authority reduced office and miscellaneous expenses.
- Housing Assistance Payments increased \$121,417 as the Authority increased port-in housing assistance payment expense in 2013 by \$261,318. This amount was offset by a decrease in regular housing assistance payments of \$139,571 as the Authority had 118 less unit months under lease 2013 to 2012 in the Housing Choice Voucher Program.
- Insurance and general expenses decreased \$74,529 over 2012 amounts as the Authority incurred a decrease in development expenditures paid in connection with Parkside Village.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

D. Budgetary Highlights

For the year ended September 30, 2013, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. Also, the Authority adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the increase in the Authority's unrestricted net position of \$590,854, the Authority's financial condition strengthened from 2012 to 2013.

E. Capital Assets and Debt Administration

1. Capital Assets

As of September 30, 2013, the Authority's investment in capital assets for its Proprietary Fund was \$0 (net of accumulated depreciation). As previously discussed, this is a result of the Authority leasing substantially all of its property to an unaffiliated entity.

Capital assets purchased during fiscal year from capital fund grants were made on behalf of the Authority's Public Housing units which are owned by an unaffiliated entity and thus not capitalized on the Authority's books.

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 has no long-term interest bearing debt.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

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

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

1. The state of the economy.
2. The need for Congress to fund the war on terrorism and the continued cut-back on HUD subsidies and grants.
3. The use of the Authority's Unrestricted Net Assets of \$1,276,361 to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's Unrestricted Net Position appears sufficient to cover any shortfall.
4. The reduction of owned public housing units as a result of the development agreement with Parkside Village.

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 Executive Director, Franklin Township Housing Authority, 25 Parkside Street, Somerset, NJ 08873.

## **FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP HOUSING AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**AS OF SEPTEMBER 30, 2013 AND 2012**

ASSETS		<u>2013</u>	<u>2012</u>
Current assets:			
Cash and cash equivalents		\$ 2,074,469	\$ 1,464,359
Accounts receivable - HUD		317	73,136
Prepaid expenses		<u>10,886</u>	<u>3,712</u>
Total current assets		<u>2,085,672</u>	<u>1,541,207</u>
Non-current assets:			
Restricted cash and cash equivalents		-	144,477
Investment in leased property		<u>641,596</u>	<u>641,596</u>
Total non-current assets		<u>641,596</u>	<u>786,073</u>
Total assets		<u>2,727,268</u>	<u>2,327,280</u>
LIABILITIES			
Current liabilities:			
Accounts payable		23,259	82,011
Accrued wages and payroll taxes		2,896	1,040
Accrued compensated absences		91,869	81,983
Prepaid revenues		<u>611,983</u>	<u>623,499</u>
Total current liabilities		730,007	788,533
Non-current liabilities:			
Accrued compensated absences, net of current portion		<u>79,304</u>	<u>67,167</u>
Total liabilities		<u>809,311</u>	<u>855,700</u>
NET POSITION			
Net position:			
Restricted		641,596	786,073
Unrestricted		<u>1,276,361</u>	<u>685,507</u>
Total net position		<u>\$ 1,917,957</u>	<u>\$ 1,471,580</u>

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating revenues:		
HUD operating grants	\$ 2,401,092	\$ 2,196,435
Other revenues	<u>1,596,375</u>	<u>1,236,638</u>
Total operating revenues	<u>3,997,467</u>	<u>3,433,073</u>
Operating expenses:		
Administrative	458,146	511,124
Tenant services	-	2,600
Utilities	2,936	1,842
Ordinary maintenance and operations	600	1,273
Insurance and general expenses	244,726	319,255
Housing assistance payments	<u>3,561,812</u>	<u>3,440,065</u>
Total operating expenses	<u>4,268,220</u>	<u>4,276,159</u>
Operating income (loss)	<u>(270,753)</u>	<u>(843,086)</u>
Non-operating revenues (expenses):		
Interest income	2,642	3,123
Land lease revenue	9,871	9,871
Developer fee revenue	<u>704,617</u>	<u>-</u>
Net non-operating revenue (expense)	<u>717,130</u>	<u>12,994</u>
Change in net position	446,377	(830,092)
Total net position, beginning of year	<u>1,471,580</u>	<u>2,301,672</u>
Total net position, end of year	<u>\$ 1,917,957</u>	<u>\$ 1,471,580</u>

See accompanying notes to financial statements.



**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 1,594,730	\$ 1,325,942
Cash received from grantors	2,473,911	2,184,623
Cash paid to suppliers	(4,156,095)	(3,850,222)
Cash paid to employees	<u>(154,172)</u>	<u>(159,339)</u>
Net cash flows provided (used) by operating activities	<u>(241,626)</u>	<u>(498,996)</u>
Cash Flows from Investing Activities:		
Developer fees received	704,617	-
Interest received on investments	<u>2,642</u>	<u>3,123</u>
Net cash flows provided (used) by investing activities	<u>707,259</u>	<u>3,123</u>
Net increase (decrease) in cash	465,633	(495,873)
Cash and cash equivalents, beginning of year	<u>1,608,836</u>	<u>2,104,709</u>
Cash and cash equivalents, end of year	<u>\$ 2,074,469</u>	<u>\$ 1,608,836</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Assets:		
Cash and cash equivalents	\$ 2,074,469	\$ 1,464,359
Restricted cash	<u>-</u>	<u>144,477</u>
Cash and cash equivalents at end of year	<u>\$ 2,074,469</u>	<u>\$ 1,608,836</u>

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY**  
**STATEMENTS OF CASH FLOWS (continued)**  
**YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (270,753)	\$ (843,086)
Changes in operating assets and liabilities:		
Accounts receivable - HUD	72,819	(11,812)
Accounts receivable - other	-	89,304
Prepaid expenses	(7,174)	270,701
Accounts payable	(58,752)	(28,089)
Accrued expenses	1,856	(1,835)
Accrued compensated absences	22,023	25,821
Prepaid revenues	<u>(1,645)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ (241,626)</u>	<u>\$ (498,996)</u>

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

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

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development ("HUD") and the State of New Jersey, Division of Local Government Services, Department of Community Affairs ("the Division"). An executive director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority.

The Authority maintains its accounting records by program.

**B. Description of Programs**

The following programs are operated by the Authority:

Low Rent Public Housing Program

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

On November 29, 2010, the Authority entered into a 65 year ground lease with Parkside Family Housing, L.P. ("Parkside") in furtherance of the Authority's redevelopment objectives. Under terms of the agreement, the Authority leased land it owned in its Low Rent Public Housing Program to Parkside and thus Parkside owns the improvements built on the land.

As part of an agreement with HUD, the Authority continues to receive operating subsidy on the Low Rent Public Housing units and remits a majority of the subsidy to Parkside.

Housing Choice Voucher Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under the Housing Choice Voucher Program. 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.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Description of Programs (continued)**

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.

**C. Reporting Entity**

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

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

Based upon the application of these criteria, this report includes the activities of FTHA Development Group, LLC, which was created to facilitate the redevelopment of Parkside Village. This entity is a limited partner in Parkside Family Housing, L.P. with an ownership interest of .001%. The limited partnership was formed for the purpose of acquiring, owning and operating a low-income housing project in accordance with Section 42 of the Internal Revenue Code. As of September 30, 2013 and 2012, FTHA Development Group, LLC had no financial assets or liabilities.

The Authority is not included in any other reporting entity on the basis of such criteria.

**D. Basis of Accounting**

The Authority's financial statements are prepared in accordance with 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 (Statements and Interpretations).

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting (continued)**

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 position (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. For financial reporting purposes, the programs of the Authority are combined into one Enterprise Fund. An Enterprise Fund is used to account for activities that are operated in a manner similar to those found in the private sector.

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

The Authority's enterprise fund is 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 that Use Proprietary Fund Accounting*, the Authority has elected to apply all Financial Accounting Standards Board pronouncements, Accounting Principles Board Opinions and Accounting Research Bulletins issued that do not conflict with or contradict GASB Pronouncements.

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

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting (continued)**

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB Statement No. 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Housing Choice Voucher program is no longer a cost reimbursement grant, therefore the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

Any investment income earned on these funds is reflected in the net position account on which the investment income was earned. Investment income earned on HAP cash balances is credited to the HAP restricted net position and investment income earned on administrative fee cash balances is credited to the unrestricted net position account.

**E. Cash and cash equivalents**

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

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

**F. Accounts Receivable**

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

**G. Prepaid Expenses**

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

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 is 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:

- Buildings 40 Years
- Furniture and Equipment 3-5 Years

The Authority has established a capitalization threshold of \$5,000.

**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 earn hours of vacation and sick time at various rates based on years of employment. Annual vacation and sick time may be accumulated and rolled over up to a maximum of 150 days. Employees may be compensated for accumulated vacation and sick leave in the event of retirement or termination from service.

**J. Prepaid Revenue**

The Authority's prepaid revenue primarily consists of prepayment of the Authority's land lease.

**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 zero. In accordance with GASB Statement No. 34, interprogram receivables and payables are eliminated for financial statement purposes.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 1. 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. Use of Management Estimates**

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

**O. Equity Classifications**

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

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

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

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



**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. Budgets and Budgetary Accounting**

The Authority is required by New Jersey State law to adopt an annual, entity wide operating and capital budget and submit it to the State of New Jersey Department of Community Affairs at least ninety days prior to the start of its fiscal year.

The Public Housing Program prepares a budget annually. The Board of Commissioners adopts the budget through passage of a budget resolution and submits it to HUD at least ninety days prior to the beginning of the program year.

**Q. Economic Dependency**

The Housing Choice Voucher and Low Rent Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At September 30, 2013 and 2012, the Authority had funds on deposit in checking and money market accounts.

For the fiscal years ended September 30, 2013 and 2012, the carrying amount of the Authority's cash (including restricted cash) was \$2,074,469 and \$1,608,836 and the bank balances were \$2,086,623 and \$1,643,305, respectively.

Of the bank balances, \$1,336,623 and \$848,572 were covered by federal depository insurance and the remaining \$750,000 and \$794,733 were collateralized with the pledging financial institution as of September 30, 2013 and 2012.

<u>Description</u>	<u>2013</u>	<u>2012</u>
Insured:		
FDIC	\$ 1,336,623	\$ 848,572
Collateralized:		
Collateralized amount held by pledging financial institution	<u>750,000</u>	<u>794,733</u>
	<u>\$ 2,086,623</u>	<u>\$ 1,643,305</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of September 30, 2013 and 2012, the Authority's bank balances were not exposed to custodial credit risk.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 3. ACCOUNTS RECEIVABLE - HUD**

Accounts receivable - HUD consists of amounts due to the Authority for operating grants for the public housing program. The Authority considers these amounts fully collectible and accordingly, have made no allowance.

**NOTE 4. RESTRICTED CASH**

Restricted cash consists of housing assistance payment reserves which are restricted for use only in the Housing Choice Voucher Program for tenant rents. As of September 30, 2013 and 2012, restricted cash consisted of \$- and \$144,477, respectively.

**NOTE 5. CAPITAL ASSETS, NET**

A summary of the changes in capital assets during the years ended September 30, 2013 and 2012, were as follows:

Description	September 30, 2012	Additions	Dispositions	September 30, 2013
<u>Depreciable capital assets:</u>				
Furniture and equipment	18,699	-	-	18,699
Less: accumulated depreciation	18,699	-	-	18,699
Net capital assets	\$ -	\$ -	\$ -	\$ -

Description	September 30, 2011	Additions	Dispositions	September 30, 2012
<u>Depreciable capital assets:</u>				
Furniture and equipment	18,699	-	-	18,699
Less: accumulated depreciation	18,699	-	-	18,699
Net capital assets	\$ -	\$ -	\$ -	\$ -

Depreciation expense for the years ended September 30, 2013 and 2012 amounted to \$- and \$-, respectively.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 6. GROUND LEASE AGREEMENT**

On November 29, 2010, the Authority has entered into a 65 year ground lease with Parkside Family Housing, L.P. ("Parkside") in furtherance of the Authority's redevelopment objectives. Under terms of the agreement, the Authority leased land it owned to Parkside for an upfront payment of \$641,596 and thus Parkside owns the improvements built on the land. In accordance with Generally Accepted Accounting Principles, this lease is classified as an operating lease which is accounted for as follows:

The leased property will be included as a non-current asset but separately identified on the Authority's Statement of Net Position as "Investment in Leased Property". Since land has an indefinite useful life, no depreciation will be charged on the property.

Rent will be reported as income over the lease term as it becomes receivable according to the provisions of the lease. However, if the rentals vary from the straight-line basis, the Authority will recognize the income on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit from the leased property is diminished, in which case that basis will be used. Rental income for the years ended September 30, 2013 and 2012 totaled \$9,871 and \$9,871, respectively and is included in the Authority's Statements of Revenues and Expenses and Changes in Net Position.

Initial indirect costs will be deferred and allocated over the lease term in proportion to the recognition of rental income. However, initial direct costs may be charged to expense as incurred if the effect is not materially different from that which would have resulted from the use of the method prescribed in the preceding sentence.

If the fair value of the property is less than its cost or carrying amount, then a loss equal to that difference will be recognized at the inception of the lease. As of November 29, 2010, the inception of the lease, the fair value of the property was \$641,596 which is listed on the Authority's Statement of Net Position as an Investment in Leased Property.

**NOTE 7. COMPENSATED ABSENCES**

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued for which payment is probable. Compensated absences activity for the year ended September 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Beginning accumulated compensated absences	\$ 149,150	\$ 123,329
Compensated absences earned	28,526	27,129
Compensated absences redeemed	<u>(6,503)</u>	<u>(1,308)</u>
Ending accumulated compensated absences	171,173	149,150
Less: current portion of accumulated compensated absences	<u>91,869</u>	<u>81,983</u>
Accumulated compensated absences, net of current portion	<u>\$ 79,304</u>	<u>\$ 67,167</u>

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 8. PENSION PLAN**

**A. Description of the Plan**

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

**B. Public Employees Retirement System ("PERS")**

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

**C. Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 8. PENSION PLAN**

**D. Contribution Requirements – PERS**

The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. The full normal employee contribution rate became 5.5% of annual compensation, effective July 1, 2007 for most PERS state employees and effective July 1, 2008 for PERS local employees, based on Chapter 103, P.L. 2007. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) is 8.5% of base salary effective July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366 P.L. 2001) will be increased from 8.5% of base salary to 10%. For fiscal year 2012, the member contribution rate will increase in October 2011. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and non-contributory death benefits.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers to contribute 50% of the normal and accrued liability contribution amounts certified by PERS for payment due in State fiscal year 2009. This law also provided that a local employer may pay 100% of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2013 and will be adjusted by the rate of return on the actuarial value of assets.

Three Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2011	\$ <u>36,807</u>	<u>100</u>	\$ <u>-</u>
September 30, 2012	\$ <u>37,468</u>	<u>100</u>	\$ <u>-</u>
September 30, 2013	\$ <u>37,567</u>	<u>100</u>	\$ <u>-</u>

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 9. POST-RETIREMENT BENEFITS**

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

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

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

**A. Contribution Requirements – SHBP**

Contributions to pay for the health premiums of participating employees in the SHBP – Local are collected from the State of New Jersey, participating local employers, active members, and retired members. Local employer payments and active and retired member contributions are generally received on a monthly basis.

Local group employees are not affected by the premium sharing provisions of Chapter 8, P.L. 1996. Chapter 2, P.L. 2010, effective May 21, 2010, requires a minimum contribution of 1.5% of base salary toward the cost of health care benefits coverage by all active public employees. Employees of the State, local governments, and boards of education who become a member of a State or locally-administered retirement system on or after the law's effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP.

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. At September 30, 2013, the Authority had approximately 1 active and 4 retired participants in the system. The required contribution rate is determined on an annual pay as you go basis. The following were the required contributions to the SHBP:

<u>Year</u>	<u>Amount</u>
2013	\$ <u>63,813</u>
2012	\$ <u>70,904</u>
2011	\$ <u>51,698</u>

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 10. RESTRICTIONS ON NET POSITION**

Restricted net position consists of the following at September 30, 2013 and 2012:

<u>Category</u>	<u>2013</u>	<u>2012</u>
Housing assistance payment reserves	\$ -	\$ 144,477
Investment in leased property	<u>641,596</u>	<u>641,596</u>
	<u>\$ 641,596</u>	<u>\$ 786,073</u>

Housing assistance payment reserves are restricted for use only in the Housing Choice Voucher Program for tenant rents.

The Authority's leased property is restricted for use by the lessee to maintain and operate one hundred forty (140) rental housing units of which fifty (50) are considered public housing program units. Revenue generated from the lease is considered to be program income in accordance with 24 CFR 85.25 and to be used for eligible program costs or other affordable housing purposes.

**NOTE 11. CONTINGENCIES**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require repayments to HUD.

During the year ended September 30, 2013, HUD's Office of Inspector General seized certain contract files from the Authority related to payments made to contractors. At this time, the Authority cannot reasonably estimate a potential liability resulting from such investigation.

**NOTE 12. COMMITMENTS**

On January 14, 2009, the Franklin Township Housing Authority entered into a development agreement with a corporation to revitalize Parkside Village ("the Project") and develop and operate one hundred forty (140) units of rental housing of which fifty (50) will be public housing program units. In conjunction thereto, the entities formed a limited partnership (Parkside Family Housing, L.P.) that included an agreement which named an entity unaffiliated with the Authority as general partner of the limited partnership. The Authority through a wholly owned subsidiary (FTHA Development Group, LLC) owns a .001% interest in the limited partnership. In applying GASB No. 61, the limited partnership does not meet the criteria set forth in defining a component unit and as such is not included with the financial statements of the Franklin Township Housing Authority.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**NOTE 12.      COMMITMENTS (continued)**

The Authority added a mixed-finance amendment to its Annual Contributions Contract with HUD which will provide grant assistance to the thirty public housing program units. As such the Project will be eligible to receive Operating Fund assistance under section 9(e) of the United States Housing Act of 1937 as well as Capital Fund assistance under HUD's Capital Fund Program.

**NOTE 13.      RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the years ended September 30, 2013, 2012 and 2011.

**NOTE 14.      SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through June 3, 2014 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.





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

To the Board of Commissioners  
Franklin Township Housing Authority:

We have audited the financial statements of the Franklin Township Housing Authority ("the Authority") as of and for the year ended September 30, 2013, and have issued our report therein dated June 3, 2014. 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; and the audit requirements as prescribed by the State of New Jersey, Division of Local Government Services ("the Division").

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

This report is intended solely for the information of management and the U.S. Department of Housing and Urban Development, the Division and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

June 3, 2014  
Toms River, New Jersey

*Fallon & Larsen LLP*



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

To the Board of Commissioners  
Franklin Housing Authority:

**Report on Compliance for Each Major Federal Program**

We have audited the Franklin Township Housing Authority'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 Franklin Township Housing Authority's major federal programs for the year ended September 30, 2013. Franklin Township Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

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

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

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

**Opinion on Each Major Federal Program**

In our opinion, Franklin Township Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

**Report on Internal Control Over Compliance**

Management of Franklin Township Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Franklin Township Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Franklin Township Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

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

We have audited the financial statements of Franklin Township Housing Authority as of and for the year ended September 30, 2013, and have issued our report thereon dated June 3, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

June 3, 2014  
Toms River, New Jersey

*Fallon & Larsen LLP*

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>Federal and State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Low Rent Public Housing	14.850a	\$ 319,154
Section 8 Housing Choice Voucher Program	14.871	<u>3,864,996</u>
		<u>\$ 4,184,150</u>

**FRANKLIN TOWNSHIP HOUSING AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2013**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Franklin Township Housing Authority under programs of the federal government for the year ended September 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Franklin Township Housing Authority, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Franklin Township Housing Authority.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3. SUBRECIPIENTS**

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

**NOTE 4. NON-CASH FEDERAL ASSISTANCE**

The Authority did not receive any non-cash Federal assistance for the year ended September 30, 2013.

**FRANKLIN TOWNSHIP HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2013**

I. Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

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

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Housing Choice Vouchers



**FRANKLIN TOWNSHIP HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**SEPTEMBER 30, 2013**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with government auditing standards generally accepted in the United States of America.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Federal Audit Findings

None reported.

Franklin Township Housing Authority (NJ042)						
Somerset, NJ						
Financial Data Schedule (FDS)						
September 30, 2013						
Line Item #	Account Description	PROJECT TOTAL	14.871 HOUSING CHOICE VOUCHERS	BUSINESS ACTIVITIES	ELIMINATIONS	TOTAL
<b>ASSETS:</b>						
<b>CURRENT ASSETS:</b>						
<b>Cash:</b>						
111	Cash - unrestricted	237,375	166,441	1,670,653	-	2,074,469
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	-
115	Cash - restricted for payment of current liabilities	-	-	-	-	-
100	<b>Total cash</b>	<b>237,375</b>	<b>166,441</b>	<b>1,670,653</b>	<b>-</b>	<b>2,074,469</b>
<b>Accounts and notes receivables:</b>						
121	Accounts receivable - PHA projects	-	-	-	-	-
122	Accounts receivable - HUD other projects	317	-	-	-	317
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable - tenants	-	-	-	-	-
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable - current	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	<b>Total receivables, net of allowances for doubtful accounts</b>	<b>317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317</b>
<b>Current investments</b>						
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	10,886	-	-	-	10,886
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	148,457	-	-	(148,457)	-
145	Assets held for sale	-	-	-	-	-
150	<b>TOTAL CURRENT ASSETS</b>	<b>397,035</b>	<b>166,441</b>	<b>1,670,653</b>	<b>(148,457)</b>	<b>2,085,672</b>
<b>NONCURRENT ASSETS:</b>						
<b>Fixed assets:</b>						
161	Land	-	-	-	-	-
162	Buildings	-	-	-	-	-
163	Furniture, equipment & machinery - dwellings	18,699	-	-	-	18,699
164	Furniture, equipment & machinery - administration	-	-	-	-	-
165	Leasold improvements	-	-	-	-	-
166	Accumulated depreciation	(18,699)	-	-	-	(18,699)
167	Construction in Progress	-	-	-	-	-
168	Infrastructure	-	-	-	-	-
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other non-current assets:</b>						
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
174	Other assets	641,596	-	-	-	641,596
175	Undistributed debits	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	<b>TOTAL NONCURRENT ASSETS</b>	<b>641,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>641,596</b>
190	<b>TOTAL ASSETS</b>	<b>1,038,631</b>	<b>166,441</b>	<b>1,670,653</b>	<b>(148,457)</b>	<b>2,727,268</b>

Franklin Township Housing Authority (NJ042)						
Somerset, NJ						
Financial Data Schedule (FDS)						
September 30, 2013						
Line Item #	Account Description	PROJECT TOTAL	14.871 HOUSING CHOICE VOUCHERS	BUSINESS ACTIVITIES	ELIMINATIONS	TOTAL
<b>LIABILITIES AND EQUITY:</b>						
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
311	Bank overdraft	-	-	-	-	-
312	Accounts payable ≤ 90 days	4,931	-	16,138	-	21,069
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	2,896	-	-	-	2,896
322	Accrued compensated absences - current portion	91,869	-	-	-	91,869
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	2,190	-	-	-	2,190
341	Tenant security deposits	-	-	-	-	-
342	Deferred revenue	-	-	611,983	-	611,983
343	Current portion of L-T debt - capital projects	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	22,018	126,439	(148,457)	-
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>101,886</b>	<b>22,018</b>	<b>754,560</b>	<b>(148,457)</b>	<b>878,464</b>
<b>NONCURRENT LIABILITIES:</b>						
351	Long-term debt, net of current - capital projects	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-
354	Accrued compensated absences - noncurrent	79,304	-	-	-	79,304
355	Loan liability - non current	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>79,304</b>	-	-	-	<b>79,304</b>
300	<b>TOTAL LIABILITIES</b>	<b>181,190</b>	<b>22,018</b>	<b>754,560</b>	<b>(148,457)</b>	<b>957,768</b>
<b>EQUITY:</b>						
508.1	Investments in capital assets	-	-	-	-	-
511.1	Restricted net position	641,596	-	-	-	641,596
512.1	Unrestricted net position	215,845	144,423	916,093	-	1,276,361
513	<b>TOTAL EQUITY</b>	<b>857,441</b>	<b>144,423</b>	<b>916,093</b>	-	<b>1,917,957</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,038,631</b>	<b>166,441</b>	<b>1,670,653</b>	<b>(148,457)</b>	<b>2,727,268</b>
	Proof of concept	-	-	-	-	-

Franklin Township Housing Authority (NJ042)

Somerset, NJ

Financial Data Schedule (FDS)

September 30, 2013

Line Item #	Account Description	OPERATING	CAPITAL	14 871 HOUSING CHOICE VOUCHERS	BUSINESS ACTIVITIES	ELIMINATIONS	TOTAL
<b>REVENUE:</b>							
70300	Net tenant rental revenue	-	-	-	-	-	-
70400	Tenant revenue - other	-	-	-	-	-	-
70500	Total tenant revenue	-	-	-	-	-	-
70600	HUD PHA grants	319,154	-	2,081,938	-	-	2,401,092
70610	Capital grants	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-
71100	Investment income - unrestricted	490	-	706	1,446	-	2,642
71200	Mortgage interest income	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	-	-	4,776	-	-	4,776
71500	Other revenue	8,057	-	1,581,898	716,132	-	2,306,087
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-
70000	<b>TOTAL REVENUE</b>	<b>327,701</b>	<b>-</b>	<b>3,669,318</b>	<b>717,578</b>	<b>-</b>	<b>4,714,597</b>
<b>EXPENSES:</b>							
<b>Administrative</b>							
91100	Administrative salaries	44,977	-	134,930	-	-	179,907
91200	Auditing fees	3,537	-	4,323	-	-	7,860
91300	Outside management fees	67,544	-	-	-	-	67,544
91310	Book-keeping fee	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-
91500	Employee benefit contributions- administrative	44,776	-	81,881	-	-	126,657
91600	Office expenses	6,897	-	25,399	-	-	32,296
91700	Legal expenses	4,075	-	9,487	-	-	13,562
91800	Travel	516	-	1,547	-	-	2,063
91810	Allocated overhead	-	-	-	-	-	-
91900	Other	6,212	-	22,045	-	-	28,257
92000	Asset Management Fee	-	-	-	-	-	-
<b>Tenant services</b>							
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefit contributions- tenant service	-	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-	-
<b>Utilities</b>							
93100	Water	-	-	-	-	-	-
93200	Electricity	2,936	-	-	-	-	2,936
93300	Gas	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-
93700	Employee benefit contributions- utilities	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-
<b>Ordinary maintenance &amp; operation</b>							
94100	Ordinary maintenance and operations - labor	-	-	-	-	-	-
94200	Ordinary maintenance and operations - materials & other	-	-	-	-	-	-
94300	Ordinary maintenance and operations - contract cost	600	-	-	-	-	600
94500	Employee benefit contributions- ordinary maintenance	-	-	-	-	-	-

Franklin Township Housing Authority (NJ042)							
Somerset, NJ							
Financial Data Schedule (FDS)							
September 30, 2013							
Line Item #	Account Description	OPERATING	CAPITAL	14.871 HOUSING CHOICE VOUCHERS	BUSINESS ACTIVITIES	ELIMINATIONS	TOTAL
	<b>General expenses</b>						
96100	Insurance premium	-	-	-	-	-	-
96110	Property Insurance	-	-	-	-	-	-
96120	Liability Insurance	-	-	-	-	-	-
96130	Workmen's Compensation	5,000	-	5,000	-	-	10,000
96140	All Other Insurance	1,544	-	1,544	-	-	3,088
96200	Other general expenses	50,000	-	17,028	142,587	-	209,615
96210	Compensated absences	22,023	-	-	-	-	22,023
96300	Payments in lieu of taxes	-	-	-	-	-	-
96400	Bad debt - tenant rent	-	-	-	-	-	-
96500	Bad debt - mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96700	Interest expense	-	-	-	-	-	-
96710	Amortization of bond issue costs	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96900	<b>TOTAL OPERATING EXPENSES</b>	<b>260,637</b>	<b>-</b>	<b>303,184</b>	<b>142,587</b>	<b>-</b>	<b>706,408</b>
97000	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>67,064</b>	<b>-</b>	<b>3,366,134</b>	<b>574,991</b>	<b>-</b>	<b>4,008,189</b>
97100	Extraordinary maintenance	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	2,056,766	-	-	2,056,766
97350	HAP Portability - in	-	-	1,505,046	-	-	1,505,046
97400	Depreciation expense	-	-	-	-	-	-
97500	Fraud losses	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
90000	<b>TOTAL EXPENSES</b>	<b>260,637</b>	<b>-</b>	<b>3,864,996</b>	<b>142,587</b>	<b>-</b>	<b>4,268,220</b>
	<b>OTHER FINANCING SOURCES (USES)</b>						
10010	Operating transfers in	-	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-
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 program and project out	-	-	-	-	-	-
10100	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>67,064</b>	<b>-</b>	<b>(195,678)</b>	<b>574,991</b>	<b>-</b>	<b>446,377</b>
	<b>MEMO ACCOUNT INFORMATION:</b>						
11020	Required annual debt principal payments	-	-	-	-	-	-
11030	Beginning equity	790,377	-	340,101	341,102	-	1,471,580
11040	Prior period adjustments and equity transfers	-	-	-	-	-	-
11170	Administrative fee equity	-	-	144,423	-	-	144,423
11180	Housing assistance payments equity	-	-	-	-	-	-
11190	Unit months available	-	-	230	-	-	230
11210	Number of unit months leased	-	-	2,438	-	-	2,438
	<b>Equity Roll Forward Test:</b>						
	Calculation from R/E Statement	857,441	-	144,423	916,093	-	1,917,957
	B/S Line 513	857,441	-	144,423	916,093	-	1,917,957