

**LAKWOOD HOUSING AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

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

**LAKWOOD HOUSING AUTHORITY  
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YEARS ENDED DECEMBER 31, 2012 AND 2011**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Lakewood Housing Authority:

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

We have audited the financial statements of the Lakewood Housing Authority ("the Authority") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Lakewood Housing Authority's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## INDEPENDENT AUDITOR'S REPORT (continued)

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lakewood Housing Authority ("the Authority"), as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lakewood 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; the schedule of capital fund program costs and advances and financial data schedule, as required by the United States Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of expenditures of federal awards, capital fund program costs and advances 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 audit 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 schedules 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 August 26, 2013 on our consideration of the Lakewood 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 Lakewood Housing Authority's internal control over financial reporting and compliance.

*Fallon & Larsen LLP*

August 26, 2013  
Toms River, New Jersey

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

**LAKWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

As Management of the Lakewood Housing Authority ("the Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A Financial Highlights

1. The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$7,942,373 (net position) as opposed to \$10,233,835 for the prior fiscal year.
2. At the close of the current fiscal year, the Authority reported ending unrestricted net position of \$3,524,057.
3. The Authority's unrestricted cash and cash equivalents and restricted cash balances at December 31, 2012 were \$4,294,802 representing a decrease of \$2,045,691 from the prior fiscal year.
4. The Authority had total operating revenues of \$12,212,658 and total operating expenses of \$14,521,410 for the year ended December 31, 2012.
5. The Authority's capital outlays for the fiscal year were \$154,467, all of which was purchased from Low Rent Public Housing Program operating reserves in accordance with PIH Notice 2012-2.
6. The Authority's expenditures of federal awards amounted to \$12,603,705 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 financial statements. The Authority's financial statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America.

**LAKWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

B. Using the Annual Report (continued)

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of 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.

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

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

3. Notes to Financial Statements

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



**LAKESWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

B. Using the Annual Report (continued)

4. Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. The Schedule of Expenditures of Federal awards can be found on page 35 of this report.

C. The Authority as a Whole

The Authority's net position decreased during the fiscal year as detailed on the following page. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were not sufficient to cover all expenses, excluding depreciation during the fiscal year.

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

Computations of Net Position are as follows:

	As of	
	12/31/2012	12/31/2011
Cash and Other Current Assets	\$ 3,812,519	\$ 4,445,472
Restricted Cash	656,925	2,056,676
Capital Assets - Net	4,980,553	5,249,161
Total Assets	9,449,997	11,751,309
Less: Total Liabilities	1,507,624	1,517,474
Net Position	\$ 7,942,373	\$ 10,233,835
Net Investment in Capital Assets	\$ 3,880,553	\$ 4,089,161
Restricted Net Position	537,763	1,976,838
Unrestricted Net Position	3,524,057	4,167,836
Net Position	\$ 7,942,373	\$ 10,233,835

**LAKWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

C. The Authority as a Whole (continued)

Computations of Changes in Net Position are as follows:

	Year Ended	
	12/31/2012	12/31/2011
<u>Revenues</u>		
Tenant Revenues	\$ 1,052,643	\$ 984,444
HUD Subsidies	10,863,175	12,570,193
Other Revenues	296,840	229,103
Total Operating Revenues	<u>12,212,658</u>	<u>13,783,740</u>
<u>Expenses</u>		
Other Operating Expenses	2,994,776	3,175,356
Housing Assistance Payments	11,122,853	10,514,559
Depreciation Expense	403,781	439,130
Total Operating Expenses	<u>14,521,410</u>	<u>14,129,045</u>
Operating Income/(Loss)	<u>(2,308,752)</u>	<u>(345,305)</u>
<u>Non-Operating Revenues &amp; Expenses</u>		
Interest on Investments	5,215	9,891
Interest Expense	(51,056)	(53,194)
Gain on Sale of Assets	3,131	-
HUD Capital Grants	60,000	188,373
Total Non-Operating Revenues	<u>17,290</u>	<u>145,070</u>
Change in Net Position	(2,291,462)	(200,235)
Net Position - Beginning of Year	<u>10,233,835</u>	<u>10,434,070</u>
Net Position - End of Year	<u>\$ 7,942,373</u>	<u>10,233,835</u>

- The Housing Choice Voucher ("HCV") program was under funded by \$1,439,075 in fiscal year 2012. As a result, the Authority was required to utilize Housing Assistance Payments ("HAP") reserves to cover the shortfall. The shortfall of funding is reflected in the above computation of changes in net position.

**LAKESIDE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

C. The Authority as a Whole (continued)

- Low Rent Public Housing program ("LRPH") grant revenue decreased \$825,374 from \$1,178,829 in fiscal year 2011 to \$353,455 in fiscal year 2012. This decrease was a result of HUD budget cuts whereas PHA's were required to fund part of their LRPH program with operating reserves.
- Administrative expenses decreased \$66,124 or 4.9% primarily due to decreases in office expenses.
- Utility costs decreased \$140,825 due to reductions in usage of electricity and gas.
- Housing assistance payments expense increased \$608,294 or 5.79% due to an increase in Port-In tenants as well as an increase in monthly rent payments to landlords.
- Restricted cash decreased \$1,399,751 primarily due to HUD under funding the HCV program in 2012 and requiring the Authority to utilize their HAP reserves to make-up the shortfall.

D. Budgetary Highlights

For the year ended December 31, 2012, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

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

E. Capital Assets and Debt Administration

1. Capital Assets

As of December 31, 2012, the Authority's investment in capital assets, net of accumulated depreciation was \$4,980,553. This investment in capital assets includes land, buildings, equipment and construction in progress.

**LAKWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

E. Capital Assets and Debt Administration (continued)

Major capital assets purchased during the year totaled \$154,467, all of which came from the utilization of Low Rent Public Housing program reserves.

Additional information on the Authority's capital assets can be found in the Notes to the Financial Statements, which is included in this Report.

The following table summarizes the change in capital assets as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Land	\$ 313,844	\$ 313,844	\$ -
Buildings and improvements	12,434,139	11,930,592	503,547
Furniture and equipment	256,391	269,705	(13,314)
Construction in progress	<u>37,844</u>	<u>399,232</u>	<u>(361,388)</u>
Total fixed assets	13,042,218	12,913,373	128,845
Less: accumulated depreciation	<u>8,061,665</u>	<u>7,664,212</u>	<u>397,453</u>
Net fixed assets	<u>\$ 4,980,553</u>	<u>\$ 5,249,161</u>	<u>\$ (268,608)</u>

2. Long Term Debt

During the fiscal year ended December 31, 2004, the Authority participated in the New Jersey HMFA Capital Fund Leveraging Bond Issue. Under the provisions of that agreement, the Authority borrowed \$1,490,000 to be used in renovating developments. The loan is repayable over 20 years from future capital fund program grants to be provided by HUD. Principal payments of \$60,000 were made in 2012 bringing the balance owed from \$1,160,000 at December 31, 2011 to \$1,100,000 at December 31, 2012.

**LAKWOOD HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

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 December 31, 2013:

1. The state of the economy and the current recession.
2. The need for Congress to fund the war on terrorism and the continued cut-back of funding of federal programs.
3. The Authority's use of unrestricted reserves to offset the proration of subsidy from HUD.

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 Mary Jo Grauso, Executive Director, Lakewood Housing Authority, 317 Sampson Avenue., Lakewood, NJ 08701.

## FINANCIAL STATEMENTS

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

ASSETS		
	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 3,637,877	\$ 4,283,817
Accrued interest receivable	2,520	2,215
Accounts receivable, net	113,124	143,430
Inventories	<u>58,998</u>	<u>16,010</u>
Total current assets	<u>3,812,519</u>	<u>4,445,472</u>
Non-current assets:		
Restricted cash	656,925	2,056,676
Capital assets, net	<u>4,980,553</u>	<u>5,249,161</u>
Total non-current Assets	<u>5,637,478</u>	<u>7,305,837</u>
Total assets	<u>9,449,997</u>	<u>11,751,309</u>
LIABILITIES		
Current liabilities:		
Accounts payable	124,897	117,157
Accrued expenses	25,593	22,697
Accrued compensated absences	34,677	32,310
Tenant security deposits	61,610	60,229
Prepaid tenant rents	7,199	13,096
Current portion of bonds payable	<u>60,000</u>	<u>60,000</u>
Total current liabilities	<u>313,976</u>	<u>305,489</u>
Non-current liabilities:		
Accrued compensated absences, non-current	34,678	32,311
Bonds payable, net of current portion	1,040,000	1,100,000
Other noncurrent liabilities	<u>118,970</u>	<u>79,674</u>
Total non-current liabilities	<u>1,193,648</u>	<u>1,211,985</u>
Total liabilities	<u>1,507,624</u>	<u>1,517,474</u>
NET POSITION		
Net position:		
Net investment in capital assets	3,880,553	4,089,161
Restricted	537,763	1,976,838
Unrestricted	<u>3,524,057</u>	<u>4,167,836</u>
Total net position	<u>\$ 7,942,373</u>	<u>\$ 10,233,835</u>

See accompanying notes to financial statements

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

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Tenant revenue	\$ 1,052,643	\$ 984,444
HUD operating grants	10,863,175	12,570,193
Other revenues	<u>296,840</u>	<u>229,103</u>
Total operating revenues	<u>12,212,658</u>	<u>13,783,740</u>
Operating expenses:		
Administrative	1,282,768	1,348,892
Tenant services	76,144	83,068
Utilities	799,368	940,193
Ordinary repairs and maintenance	525,287	570,100
Protective services	24,065	-
General expenses	287,144	233,103
Housing assistance payments	11,122,853	10,514,559
Depreciation	<u>403,781</u>	<u>439,130</u>
Total operating expenses	<u>14,521,410</u>	<u>14,129,045</u>
Operating income (loss)	<u>(2,308,752)</u>	<u>(345,305)</u>
Non-operating revenues (expenses):		
Interest expense	(51,056)	(53,194)
Gain or (loss) on disposal of assets	3,131	-
Investment income	<u>5,215</u>	<u>9,891</u>
Net non-operating revenues (expenses)	<u>(42,710)</u>	<u>(43,303)</u>
Income (loss) before capital grants	(2,351,462)	(388,608)
Capital grants	<u>60,000</u>	<u>188,373</u>
Changes in net position	(2,291,462)	(200,235)
Total net position, beginning of year (as restated)	<u>10,233,835</u>	<u>10,434,070</u>
Total net position, end of year	<u>\$ 7,942,373</u>	<u>\$ 10,233,835</u>

See accompanying notes to financial statements



**LAKESWOOD HOUSING AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 1,334,939	\$ 1,180,215
Cash received from grantors	10,837,991	12,648,360
Cash paid to employees	(935,717)	(1,027,596)
Cash paid to vendors	<u>(13,105,021)</u>	<u>(12,757,227)</u>
Net cash flows provided (used) by operating activities	<u>(1,867,808)</u>	<u>43,752</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital grants	60,000	188,373
Proceeds from insurance recovery	22,425	-
Property and equipment purchases	(154,467)	(223,665)
Interest paid on long-term debt	(51,056)	(53,194)
Payments on long term debt	<u>(60,000)</u>	<u>(60,000)</u>
Net cash flows provided (used) by capital and related financing activities	<u>(183,098)</u>	<u>(148,486)</u>
Cash Flows from Investing Activities		
Investment income	<u>5,215</u>	<u>8,659</u>
Net cash flows provided/(used) by investing activities	<u>5,215</u>	<u>8,659</u>
Net increase/(decrease) in cash	(2,045,691)	(96,075)
Cash and cash equivalents at beginning of year	<u>6,340,493</u>	<u>6,436,568</u>
Cash and cash equivalents at end of year	<u>\$ 4,294,802</u>	<u>\$ 6,340,493</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position:		
Cash and cash equivalents	\$ 3,637,877	\$ 4,283,817
Restricted cash	<u>656,925</u>	<u>2,056,676</u>
Cash and cash equivalents at end of year	<u>\$ 4,294,802</u>	<u>\$ 6,340,493</u>

See accompanying notes to financial statements

**LAKWOOD HOUSING AUTHORITY**  
**STATEMENTS OF CASH FLOWS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (2,308,752)	\$ (345,305)
Items which did not use cash:		
Depreciation	403,781	439,130
Bad debts	28,278	26,519
Working capital changes which provided (used) cash:		
Accounts receivable	(35,212)	24,941
Inventories	(42,988)	2,843
Prepaid expenses	36,935	-
Accounts payable	7,740	(149,539)
Tenant security deposits	1,381	221
Accrued expenses	7,630	(3,714)
Family self sufficiency escrows	39,296	54,641
Prepaid tenant rents	<u>(5,897)</u>	<u>(5,985)</u>
Net cash provided (used) by operating activities	<u>\$ (1,867,808)</u>	<u>\$ 43,752</u>

See accompanying notes to financial statements

**LAKWOOD HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**A. Organization**

The Lakewood Housing Authority ("the Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A: 12A-1, et. seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Township of Lakewood, 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 governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development ("HUD") and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's Board to manage the day-to-day operations of the Authority.

The Authority maintains its accounting records by program. The following programs are operated by the Authority:

Section 8 Housing Choice Voucher

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.

Low Rent Public Housing

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

Public Housing Capital Fund

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities including modernization and development of public housing units.

Supportive Housing for Persons with Disabilities

The Supportive Housing Program provides Federal capital advances under Section 811 of the National Affordable Housing Act ("NAHA") for development of housing projects serving persons with disabilities; and provides tenant-based rental assistance to low income persons with disabilities for payments of housing on the private market.

**LAKWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

Shelter Plus Care Program ("SPC")

Shelter Plus Care is a program designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters.

Supportive Housing Program

The Supportive Housing Program is designed to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible.

**B. Reporting Entity**

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

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

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

**C. Basis of Accounting**

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* ("Statement"), as amended. The Statement requires the 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 a Statement of Cash Flows. The Statement also requires the Authority to include a Management's Discussion and Analysis as part of Required Supplementary Information.

**LAKWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

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

The Authority has also adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement establishes accounting and financial reporting standards for nonexchange transactions including financial or capital resources. The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants 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 ("FASB") statements and interpretations that do not conflict with Government Accounting Standards Board statements and interpretations.

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 on the Statement of Net Assets and HUD's Financial Data Schedule ("FDS") as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the FDS as unrestricted.

**D. Cash, Cash Equivalents and Investments**

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

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

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit, or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. 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 state and HUD requirements.

**LAKWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**E. Accounts Receivable**

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

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.

**F. Prepaid Expenses**

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

**G. Inventory**

The Authority's inventory is comprised of office supplies and maintenance materials and supplies. Inventory is valued at cost and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. At December 31, 2012 and 2011, inventory is shown net of an allowance for obsolescence of \$14,750 and \$4,003.

**H. Capital Assets, net**

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

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

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

**I. 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.

**LAKESWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**J. Compensated Absences**

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the balance sheet date for which payment is probable. Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service based on the unused accrued leave. Employees may be compensated for sick leave at retirement or termination at 50% of accumulated sick time up to a maximum of \$15,000.

**K. Prepaid Tenant Rents**

The Authority's prepaid tenant rents consists of the prepayment of rent by residents that is due in future periods.

**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 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.

**LAKESWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**O. Equity Classifications**

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

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

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

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

**P. Economic Dependency**

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

**Q. Budgets and Budgetary Accounting**

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

The Public Housing Program prepares its 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.



**LAKESWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 2. CASH AND CASH EQUIVALENTS**

As of December 31, 2012 and 2011, the Authority had funds on deposit in checking, statement savings and money market accounts.

For the fiscal years ended December 31, 2012 and 2011, the carrying amount of the Authority's cash and cash equivalents (including restricted cash) was \$4,294,802 and \$6,340,493, respectively, and the bank balances approximated \$4,497,557 and \$6,499,638, respectively.

Of the bank balances, \$680,772 and \$640,068 were covered by federal depository insurance and the remaining \$3,816,785 and \$5,859,570 were collateralized with the pledging financial institution for the fiscal years ended December 31, 2012 and 2011, respectively.

<u>Cash Account</u>	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 680,772	\$ 640,068
Collateralized:		
Collateralized amount held by pledging financial institution	<u>3,816,785</u>	<u>5,859,570</u>
	<u>\$ 4,497,557</u>	<u>\$ 6,499,638</u>

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

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable, net consists of the following at:

<u>Description</u>	<u>2012</u>	<u>2011</u>
Accounts receivable - HUD	\$ 36,908	\$ 12,509
Accounts receivable - tenants, net	54,916	51,047
Accounts receivable - miscellaneous	<u>21,300</u>	<u>79,874</u>
Total accounts receivable, net	<u>\$ 113,124</u>	<u>\$ 143,430</u>

Accounts Receivable - HUD

Accounts receivable - HUD represent amounts due to the Authority for operating and capital grants receivable. The Authority considers these amounts fully collectible and accordingly, have made no allowance for doubtful accounts.

**LAKWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 3. ACCOUNTS RECEIVABLE (continued)**

Accounts Receivable - tenants, net

Tenant accounts receivable are stated net of an allowance of \$287,204 and \$168,286 at December 31, 2012 and 2011, respectively.

Accounts Receivable - miscellaneous

Accounts receivable - miscellaneous consists of amounts due from an insurance reimbursement, tenant repayment agreements and from managed properties. The Authority considers these amounts fully collectible and accordingly, have made no allowance for doubtful accounts.

**NOTE 4. RESTRICTED CASH**

Restricted cash consists of the following at December 31, 2012 and 2011:

<u>Cash Category</u>	<u>2012</u>	<u>2011</u>
Housing assistance payments reserve	\$ 537,763	\$ 1,976,838
Debt leveraging funds	192	164
Family Self Sufficiency program escrows	<u>118,970</u>	<u>79,674</u>
	<u>\$ 656,925</u>	<u>\$ 2,056,676</u>

Debt leveraging funds consists of unspent proceeds from the Capital Fund Debt Leveraging Pool which is restricted to fund future capital improvements in accordance with the Authority's approved annual plan.

Housing assistance payment reserves are restricted for use only in the Housing Choice Voucher Program for future housing assistance payments.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Housing Choice Voucher Program by FSS program participants.

At December 31, 2012 and 2011, the carrying amount of the Authority's restricted cash approximated its bank balance.

**LAKWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 5. CAPITAL ASSETS, NET**

A summary of the changes in land, structures and equipment during the past two years is as follows:

Description	December 31, 2011	Additions	Dispositions	Transfers	December 31, 2012
<u>Non-depreciable:</u>					
Land	\$ 313,844	-	-	-	\$ 313,844
Construction in progress	<u>399,232</u>	<u>-</u>	<u>-</u>	<u>\$ (361,389)</u>	<u>37,843</u>
Total	<u>713,076</u>	<u>-</u>	<u>-</u>	<u>(361,389)</u>	<u>351,687</u>
<u>Depreciable:</u>					
Buildings and improvements	11,930,592	142,159	-	361,388	12,434,139
Furniture and equipment	<u>269,705</u>	<u>12,308</u>	<u>(25,622)</u>	<u>1</u>	<u>256,392</u>
Total	12,200,297	154,467	(25,622)	361,389	12,690,531
Less: accum. depreciation	<u>7,664,212</u>	<u>403,781</u>	<u>(6,328)</u>	<u>-</u>	<u>8,061,665</u>
Total deprec. assets, net	<u>4,536,085</u>	<u>(249,314)</u>	<u>(19,294)</u>	<u>361,389</u>	<u>4,628,866</u>
Net capital assets	<u>\$ 5,249,161</u>	<u>\$ (249,314)</u>	<u>\$ (19,294)</u>	<u>\$ -</u>	<u>\$ 4,980,553</u>

Description	December 31, 2010	Additions	Dispositions	Transfers	December 31, 2011
<u>Non-depreciable:</u>					
Land	\$ 313,844	-	-	-	\$ 313,844
Construction in progress	<u>812,694</u>	<u>\$ 128,374</u>	<u>-</u>	<u>\$ (541,836)</u>	<u>399,232</u>
Total	<u>1,126,538</u>	<u>128,374</u>	<u>-</u>	<u>(541,836)</u>	<u>713,076</u>
<u>Depreciable:</u>					
Buildings and improvements	11,388,756	-	-	541,836	11,930,592
Furniture and equipment	<u>196,190</u>	<u>95,291</u>	<u>(21,776)</u>	<u>-</u>	<u>269,705</u>
Total	11,584,946	95,291	(21,776)	541,836	12,200,297
Less: accum. depreciation	<u>7,246,858</u>	<u>439,130</u>	<u>(21,776)</u>	<u>-</u>	<u>7,664,212</u>
Total deprec. assets, net	<u>4,338,088</u>	<u>(343,839)</u>	<u>-</u>	<u>541,836</u>	<u>4,536,085</u>
Net capital assets	<u>\$ 5,464,626</u>	<u>\$ (215,465)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,249,161</u>

Depreciation expense for the years ended December 31, 2012 and 2011 amounted to \$403,781 and \$439,130, respectively.

**NOTE 6. NON-CURRENT LIABILITIES**

During 2004, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2004 Series A on December 23, 2004. The Authority's share of funds from the bond issue pool amounted to \$1,490,000.

**LAKESWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 6. NON-CURRENT LIABILITIES (continued)**

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 60,000	\$ 48,836	\$ 108,836
2014	60,000	46,556	106,556
2015	70,000	44,043	114,043
2016	75,000	40,981	115,981
2017	75,000	37,700	112,700
2018-2022	440,000	133,050	573,050
2023-2025	<u>320,000</u>	<u>26,790</u>	<u>346,790</u>
	<u>\$ 1,100,000</u>	<u>\$ 377,956</u>	<u>\$ 1,477,956</u>

Long-term debt activity for the years ended December 31, 2012 and 2011 consisted of the following:

Description	December 31, 2011	Additions	Payments	December 31, 2012	Amounts due within one Year
Compensated absences	\$ 64,621	\$ 98,796	\$ (94,062)	\$ 69,355	\$ 34,677
Capital fund revenue bonds	1,160,000	-	(60,000)	1,100,000	60,000
Family self sufficiency escrows	<u>79,674</u>	<u>67,693</u>	<u>(28,397)</u>	<u>118,970</u>	<u>-</u>
Total long-term liabilities	<u>\$ 1,304,295</u>	<u>\$ 166,489</u>	<u>\$ (182,459)</u>	<u>\$ 1,288,325</u>	<u>\$ 94,677</u>

Description	December 31, 2010	Additions	Payments	December 31, 2011	Amounts due within one Year
Compensated absences	\$ 86,783	\$ 29,836	\$ (51,998)	\$ 64,621	\$ 32,310
Capital fund revenue bonds	1,220,000	-	(60,000)	1,160,000	60,000
Family self sufficiency escrows	<u>103,143</u>	<u>36,546</u>	<u>(60,015)</u>	<u>79,674</u>	<u>-</u>
Total long-term liabilities	<u>\$ 1,409,926</u>	<u>\$ 66,382</u>	<u>\$ (172,013)</u>	<u>\$ 1,304,295</u>	<u>\$ 92,310</u>

**LAKWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 7. PENSION PLAN**

**A. Public Employee's Retirement System**

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

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

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 ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements- The contribution policy is set by N.J.S.A 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.64% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate for the PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

**LAKESWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 7. PENSION PLAN (continued)**

**B. Supplemental Pension Plan**

The Authority also participates in a defined contribution pension plan. The plan is for all employees over 21 years of age with at least 1,000 hours of service. Employer contributions are based on 4.3% of employee compensation which vests over a seven year period. There is no employee contribution. For the years ended December 31, 2012 and 2011, the Authority contributed \$97,460 and \$90,868, respectively, to the plan and is included in the employee fringe benefit account.

**NOTE 8. POST-RETIREMENT BENEFITS**

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

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

<u>Year</u>	<u>Amount</u>
2012	\$ <u>218,489</u>
2011	\$ <u>294,431</u>
2010	\$ <u>264,640</u>

**LAKESWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 9. PAYMENTS IN LIEU OF TAXES**

Under federal, state and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Township. Under the Cooperation Agreement, the Authority must pay the Township the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal years ended December 31, 2012 and 2011, PILOT expense amounted to \$24,735 and \$2,640, respectively.

**NOTE 10. RESTRICTED NET POSITION**

As of December 31, 2012 and 2011, restricted net position consisted of the following:

	<u>2012</u>	<u>2011</u>
Housing assistance payment reserves	\$ <u>537,763</u>	\$ <u>1,976,838</u>

Accumulated earnings in connection with the overpayment of housing assistance payments are restricted for rent payments to landlords as part of the Housing Choice Voucher Program.

**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 funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2012 and 2011, the Authority estimates that no material liabilities will result from such audits other than what has been disclosed herein.

**NOTE 12. RISK MANAGEMENT**

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

**LAKWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE**

In 2012 the Authority has adopted GASB 45 as its basis of accounting for Other Post Employment Benefits. The Authority had been calculating and accounting for OPEB obligations and expenses based on the results of an actuarial valuation. Since the Authority is participating in a cost-sharing multiple-employer defined benefit plan it is required by GASB 45 to recognize OPEB expenses for their contractually required contributions to the plan. Because over time the effects on the financial statements would be materially different from the treatment under GASB 45, it is preferable that the Authority adopt this change in accounting principle. Under GASB 45 the Authority will recognize as an expense the amount it is billed by the state for its participation in the State Health Benefit Plan. Because the expense is recognized in the amount that is paid for the benefits, there is no net obligation at the end of the year. Under the actuarial method that has been used in each of the previous three years the Authority had recognized OPEB expense and a net annual obligation in the amount \$116,087 in 2011, 2010, and 2009. The change in accounting principle is being applied retroactively and all comparative financial statements have been adjusted to reflect that. Employee benefit contributions for administrative, utility and maintenance have been reduced on the 2011 Statement of Revenues, Expenses and Changes in Net Position by \$116,087 and the related \$116,087 in annual net obligation was removed from the 2011 Statement of Net Position. The 2011 beginning balance in unrestricted Net Position has been restated and is increased by \$231,274 to reflect a reduction in the 2010 and 2009 expenses related to OPEB and the \$116,087 annual net obligation related to those expenses has also been removed from the 2011 Statement of Net Position. The overall effect of the retroactive application of GASB 45 is to increase unrestricted net position by \$348,261 and to decrease the OPEB liability by \$348,261.

The Authority adopted GASB 65 *"Items previously Reported as Assets and Liabilities"* for the fiscal years ended December 31, 2012 and 2011. The Authority had previously accounted for loan origination costs as an asset as defined by GASB Concepts Statement No. 4, and had maintained records that are adequate to apply GASB 65 retrospectively. GASB 65 requires that loan origination costs be reported as an outflow of resources in the period in which they are realized. The effects of the change in accounting principle is that assets and unrestricted net assets decreased \$26,343 as of January 1, 2010.

**NOTE 14. RESTATEMENT OF NET POSITION**

As a result of the application of the GASB 45 and GASB 65 changes in accounting principles noted in footnote 13, the Authority restated its December 31, 2011 net position from \$9,911,917 to \$10,233,835. An increase of \$321,918. Under the GASB 45 change in accounting principle, the accrued pension and OPEB liability account was reduced from \$348,261 to \$0 and under the GASB 65 change in accounting principle, the other assets account, related to loan origination costs was reduced from \$26,793 to \$0. The effects of the change in accounting principles net to \$321,468.



**LAKWOOD HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 15. 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 August 26, 2013 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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

To the Board of Commissioners  
Lakewood Housing Authority:

We have audited, in accordance with the 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, the financial statements of the Lakewood Housing Authority ("the Authority") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Lakewood Housing Authority's basic financial statements, and have issued our report thereon dated August 26, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lakewood Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lakewood Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Lakewood Housing Authority's internal control.

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. 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.

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

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 26, 2013  
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  
Lakewood Housing Authority:

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

We have audited the compliance of Lakewood Housing Authority ("the Authority"), 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 Lakewood Housing Authority's major federal programs for the year ended December 31, 2012. Lakewood 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 Lakewood 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 Lakewood 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 Lakewood 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, Lakewood Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

**Report on Internal Control Over Compliance**

Management of Lakewood 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 Lakewood 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 Lakewood 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 Lakewood Housing Authority as of and for the year ended December 31, 2012, and have issued our report thereon dated August 26, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

August 26, 2013  
Toms River, New Jersey

*Fallon & Larsen LLP*

**LAKWOOD HOUSING AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Supportive Housing for Persons with Disabilities	14.181	\$ 809,718
Low Rent Public Housing	14.850a	353,455
Section 8 Housing Choice Voucher Program	14.871	11,246,251
Public Housing Capital Fund Program	14.872	151,499
Shelter Plus Care Program	14.218	20,431
Supportive Housing Program	14.235	<u>22,351</u>
		<u>\$ 12,603,705</u>

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

**NOTE 1. BASIS OF PRESENTATION**

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

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

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

**NOTE 3. SUBRECIPIENTS**

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

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

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2012.



**LAKWOOD HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

I. Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

- |    |   |  |
|----|---|--|
| 1. | Dollar threshold used to distinguish Type A Programs from Type B Programs:  | \$380,292                                |
| 2. | Auditee qualified as low-risk Auditee?  | Yes                                      |
| 3. | Type of auditors' report on compliance for major programs:  | Unmodified                               |
| 4. | Internal Control over compliance:   |  |
|    | a. Material weakness(es) identified?  | No                                       |
|    | b. Were significant deficiencies identified not considered to be material weaknesses?                                     | No                                       |
|    | c. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? | No                                       |
| 5. | Identification of major programs:   |  |
|    | <u>CFDA Number</u>  | <u>Name of Federal Program</u>           |
|    | 14.871  | Section 8 Housing Choice Voucher Program |

**LAKWOOD HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**YEAR ENDED DECEMBER 31, 2012**

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 questions costs relating to federal awards.

IV. Summary of Prior Audit Findings

None reported.

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

	<u>501-10</u>	<u>501-11</u>	<u>Totals</u>
Budget	\$ <u>340,741</u>	\$ <u>290,529</u>	\$ <u>631,270</u>
 <u>Advances:</u>			
Cumulative through 12/31/11	\$ 199,931	\$ -	\$ 199,931
Current Year	<u>34,100</u>	<u>117,399</u>	<u>151,499</u>
Cumulative through 12/31/12	<u>234,031</u>	<u>117,399</u>	<u>351,430</u>
 <u>Costs:</u>			
Cumulative through 12/31/11	199,931	-	199,931
Current Year	<u>34,100</u>	<u>117,399</u>	<u>151,499</u>
Cumulative through 12/31/12	<u>234,031</u>	<u>117,399</u>	<u>351,430</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
 <u>Summary:</u>			
<u>Soft Costs:</u>			
Cumulative through 12/31/11	\$ 162,088	\$ -	\$ 162,088
Current Year	<u>34,100</u>	<u>57,399</u>	<u>91,499</u>
Cumulative through 12/31/12	<u>196,188</u>	<u>57,399</u>	<u>253,587</u>
 <u>Hard Costs:</u>			
Cumulative through 12/31/11	37,843	-	37,843
Current Year	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Cumulative through 12/31/12	<u>37,843</u>	<u>60,000</u>	<u>97,843</u>
Cumulative	\$ <u>234,031</u>	\$ <u>117,399</u>	\$ <u>351,430</u>

**NOTES TO SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES**

1) The total amount of Capital Fund Program Costs and Advances incurred and earned by the Lakewood Housing Authority as of and for the year ended December 31, 2012 are provided herein.

Lakewood Housing Authority										
NA054										
Financial Data Schedule (FDS)										
December 31, 2012										
Line Item #	ASSETS	Account Description	Projects	Supportive Housing Program	Supportive Housing for Persons with Disabilities	Housing Choice Vouchers	Shelter Plus Care	Business Activities	Elimination	TOTAL
	<b>CURRENT ASSETS</b>									
111	Cash - unrestricted		\$ 2,271,027	\$ -	\$ -	\$ 1,705,245	\$ -	\$ -	\$ -	\$ 3,576,272
112	Cash - restricted - nondevelopment and development		192			656,733				656,925
113	Cash - other restricted									61,610
114	Cash - future receipts deposits		64,610							
115	Cash - restricted for purchase of current liability									
100	Total cash		2,332,829			1,961,978				4,294,807
	Accounts and notes receivable:									
121	Accounts receivable - PHA project				31,454					31,454
122	Accounts receivable - HUD other project			5,454						5,454
124	Accounts receivable - other government									
125	Accounts receivable - miscellaneous		8,917							8,917
126	Accounts receivable - grants		14,929							14,929
201	Allowance for doubtful accounts - annual		(7,465)							(7,465)
26.1	Allowance for doubtful accounts - other									
26.2	Notes and mortgages receivable - current		11,763							11,763
128	Prepaid insurance		37,537			289,654				327,191
128.1	Allowance for doubtful accounts - fund		(37,537)			(212,202)				(250,739)
129	Accrued interest receivable		1,861			659				2,520
130	Total receivables net of allowances for doubtful account		30,625	5,454	31,454	48,111				115,644
	Current investments:									
131	Investments - restricted									
132	Investments - restricted									
135	Investments - restricted for payment of current liability									
142	Prepaid expenses and other assets									
143	Investments		71,741							71,748
143.1	Allowance for doubtful investments		(14,750)							(14,750)
144	Investments - due from		123,400			16,908		49,249	(709,537)	
145	Asset held for sale									
150	<b>TOTAL CURRENT ASSETS</b>		2,343,847	5,454	31,454	2,046,997		49,249	(209,537)	4,469,444
	<b>NONCURRENT ASSETS</b>									
161	Fixed asset:									
162	Land		517,844							517,844
163	Buildings		11,212,372							11,712,372
164	Furniture, equipment & machinery - building									
165	Furniture, equipment & machinery - administration		281,527			2,865				284,392
166	Leasehold improvement		721,767							721,767
167	Accumulated depreciation		(8,618,809)			(2,865)				(8,621,674)
168	Construction in Progress		57,843							57,843
169	Infrastructure									
169	Total fixed assets net of accumulated depreciation		4,980,553							4,980,553
	Other non-current assets:									
171	Notes and mortgages receivable - non-current									
172	Notes and mortgages receivable - non-current - paid du									
173	Other assets									
174	Undistributed debit investment in joint venture									
175	Investment in joint venture									
190	<b>TOTAL NONCURRENT ASSETS</b>		4,980,553	5,454	31,454	2,046,997		49,249	(209,537)	4,980,553
190	<b>TOTAL ASSETS</b>		7,324,400	5,454	31,454	2,046,997		49,249	(209,537)	9,449,997



Lakewood Housing Authority										
NJ054										
Financial Data Schedule (FDS)										
December 31, 2012										
Line Item #	Account Description	Operating Fund	Capital Fund	Supportive Housing Program	Supportive Housing for Persons with Disabilities	Housing Choice Vouchers	Shelter Plus Care	Business Activities	Elimination	TOTAL
<b>REVENUE:</b>										
70100	Net tenant rental revenue	\$ 1,030,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030,848
70200	Tenant revenue - other	12,795	-	-	-	-	-	-	-	12,795
70586	Total tenant revenue	1,043,643	-	-	-	-	-	-	-	1,043,643
71000	HUD PHA grants	355,455	91,499	22,351	809,718	9,565,721	20,431	-	-	10,865,175
71010	Capital grants	-	60,000	-	-	-	-	-	-	60,000
71090	Other government grants	-	-	-	-	-	-	-	-	-
71200	Investment income - unrestricted	3,658	-	-	-	613	-	-	-	4,271
71300	Mortgage interest income	-	-	-	-	-	-	-	-	-
71310	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-
71400	Prud inventory	-	-	-	-	-	-	-	-	-
71500	Other revenue	65,714	-	-	-	98,459	-	-	-	164,173
71600	Gain or loss on sale of fixed assets	3,131	-	-	-	67,967	-	65,000	-	136,100
72000	Investment income - restricted	-	-	-	-	943	-	-	-	943
70600	<b>TOTAL REVENUE</b>	1,478,692	151,499	22,351	809,718	9,733,403	20,431	65,000	-	12,281,004
<b>EXPENSES:</b>										
Administratives										
91100	Administrative salaries	-	-	-	-	-	-	-	-	-
91200	Administrative salaries - other	-	-	-	-	-	-	-	-	-
91300	Travel	-	-	-	-	-	-	-	-	-
91400	Advertising and marketing	3,365	-	-	-	946	-	-	-	4,311
91500	Employee benefit contributions - administration	69,228	-	-	21,621	182,102	-	-	-	272,951
91600	Office expenses	41,006	-	-	9,389	93,987	-	-	-	144,402
91700	Legal expenses	10,360	-	-	1,004	19,256	-	-	-	31,620
91800	Travel	946	-	-	159	1,605	-	-	-	2,690
91900	Allocated overhead	-	38,076	-	-	-	-	-	-	38,076
92000	Other	9,698	-	-	1,946	19,675	-	-	-	31,319
92100	Asset Management Fee	-	-	-	-	-	-	-	-	-
TENANT SERVICES										
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant service	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	15,839	-	-	-	-	-	-	-	15,839
<b>TOTAL</b>										

Lakewood Housing Authority										
NJ054										
Financial Data Schedule (FDS)										
December 31, 2012										
Line Item #	Account Description	Operating Fund	Capital Fund	Supportive Housing Program	Supportive Housing for Persons with Disabilities	Housing Choice Vouchers	Shelter Plus Care	Business Activities	Elimination	TOTAL
	Utilities									
93100	Water	253,588								253,588
93200	Electricity	237,139								237,139
93300	Gas	228,935								228,935
93400	Fuel									
93500	Laundry	63,554								63,554
93600	Sewer									
93700	Employee benefit contributions - social	16,132								16,132
93800	Other utilities expense									
	Ordinary maintenance & operation									
94100	Ordinary maintenance and operations - labor	148,292								148,292
94200	Ordinary maintenance and operations - materials & other	156,299								156,299
94300	Ordinary maintenance and operations - contract cost	183,469								183,469
94500	Employee benefit contributions - ordinary maintenance	37,227								37,227
	Protective services									
95100	Protective services - labor									
95200	Protective services - other contract cost	24,005								24,005
95300	Protective services - other									
95500	Employee benefit contributions - protective services									
	General expenses									
96100	Insurance premiums	81,765			1,501	15,173				98,439
96200	Other general expenses	55,766	2,367			69,512				127,635
96300	Compensated absences	3,493				4,364				8,057
96400	Payments in lieu of tax	24,735								24,735
96500	Bad debt - tenant rent	28,278								28,278
96600	Bad debt - mortgages									
96700	Bad debt - other									
96800	Interest expense		51,036							51,036
96900	Amortization of bond issue cost									
97000	Severance expense									
97100	TOTAL OPERATING EXPENSES	1,941,017	91,499		82,820	891,078		37,418		3,045,832
	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(462,415)	60,000	22,351	726,898	8,840,325	20,431	27,582		9,253,172
	Extraordinary maintenance									
97200	Casualty losses - non capitalize									
97300	Housing assistance pay-eligible			22,351	726,898	10,308,914	20,431			11,078,634
97400	HAP Penalties - ir					44,199				44,199
97500	Depreciation expense									
97600	Fraud losses	403,781								403,781
97800	Dwelling unit rent expense									
90000	TOTAL EXPENSES	2,344,798	91,400	22,351	809,718	11,246,251	20,831	37,418		14,572,466

Lakewood Housing Authority										
NJ054										
Financial Data Schedule (FDS)										
December 31, 2012										
Line Item #	Account Description	Operating Fund	Capital Fund	Supportive Housing Program	Supportive Housing for Persons with Disabilities	Housing Choice Vouchers	Shelter Plus Care	Business Activities	Elimination	TOTAL
<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/units 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>	-	-	-	-	-	-	-	-	-
10999	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(866,196)	60,000	-	-	(1,512,848)	-	27,582	-	(2,291,462)
<b>MEMO ACCOUNT INFORMATION:</b>										
11020	Required annual debt principal payments	60,000	-	-	-	-	-	-	-	60,000
11030	Beginning equity	6,854,889	-	-	-	3,057,028	-	-	-	9,911,917
11040	Prior period adjustments and equity transfers	147,813	-	-	-	152,438	-	21,667	-	321,918
11170	Administrative fee equity	-	-	-	-	1,183,364	-	-	-	1,183,364
11180	Housing assistance payments equity	-	-	-	-	513,254	-	-	-	513,254
11190	Unit rentals available	3,192	-	-	816	9,156	-	-	-	13,164
11210	Number of unit months leased	3,129	-	-	816	9,016	-	-	-	12,991
<b>Equity Roll Forward Test</b>										
Calculation from R/E Statement		\$ 6,196,506	\$ -	\$ -	\$ -	\$ 1,696,618	\$ -	\$ 49,249	\$ -	\$ 7,942,373
B/S Line 513		\$ 6,196,506	\$ -	\$ -	\$ -	\$ 1,696,618	\$ -	\$ 49,249	\$ -	\$ 7,942,373
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -