

MADISON HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEARS ENDED MARCH 31, 2013 AND 2012

**MADISON HOUSING AUTHORITY
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YEARS ENDED MARCH 31, 2013 AND 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Madison Housing Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Madison Housing Authority ("the Authority") as of and for the years ended March 31, 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Madison Housing Authority as of March 31, 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 opinions on the financial statements that collectively comprise the Madison Housing Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying financial data schedule and schedule of capital fund program costs and advances are also not required parts of the financial statements and are presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2013 on our consideration of the Madison 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 Madison Housing Authority's internal control over financial reporting and compliance.

August 5, 2013
Toms River, New Jersey

Fallon & Larsen LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MADISON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 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 March 31, 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 \$5,981,089 (net position) as opposed to \$6,270,432 for the prior fiscal year.
- 2 – As of the close of the current fiscal year, the Authority reported ending unrestricted net position of \$674,734.
- 3 – The Authority's cash and cash equivalent balance (including restricted cash) at March 31, 2013 was \$1,044,494 representing an increase of \$357,127 from the prior fiscal year.
- 4 – The Authority had total operating revenues of \$2,865,629 and total operating expenses of \$3,165,072 (including depreciation \$314,362) for the year ended March 31, 2013.
- 5 – The Authority's capital outlays for the fiscal year were \$54,953.
- 6 – The Authority's expenditures of federal awards amounted to \$2,089,825 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 statements and Notes to Financial Statements included in the this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

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

The Statements of Net Position presents 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

**MADISON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013**

B – Using the Annual Report (continued)

2 – Financial Statements (continued)

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 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 10 through 13.

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 financial statements. The Notes to Financial Statements can be found in this report after the financial statements.

4 – Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purpose 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 primarily due to an excess of expenses over revenues of \$289,343. 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 operating revenues of \$2,865,629 were less than operating expenses of \$3,165,072.

**MADISON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013**

C – The Authority as a Whole

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 to 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.

Significant financial statement variances from fiscal year 2012 to 2013 are explained below:

Tenant revenues increased by \$50,414 due to rent increases as well as increased earnings of tenants which also reduced the public housing subsidy by \$8,037.

HUD operating grants decreased \$62,377 primarily due to reduced funding in the Housing Choice Voucher program which required the Authority to utilize \$47,717 of restricted housing assistance payments reserves.

? Other revenues decreased \$123,018 primarily due to the Authority settling a disputed liability in fiscal year 2012.

Administrative expenses decreased \$127,953 as the Authority allocated more salaries and benefits to affiliated entities.

Tenant services expense increased \$100,537 as additional funds were available from a ROSS grant.

Utilities expenses increased \$26,686 primarily due to an increase in charges for gas (\$18,850) and labor and related employee benefits (\$6,563).

Cash and cash equivalents (excluding restricted cash) increased \$397,749 primarily due to the Authority collecting outstanding receivables from managed properties (\$206,924) and receiving ROSS funding in advance of expenditures (\$80,215).

Restricted cash decreased \$40,622 primarily due to HUD requiring the Authority to utilize \$47,717 of restricted reserves in the Housing Choice Voucher Program.

Current liabilities increased \$72,619 primarily due to the Authority receiving an advance payment on their ROSS grant in the amount of \$80,215.

D – Budgetary Highlights

For the year ended March 31, 2013 individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets are required by the State of New Jersey and were primarily used as a management tool. (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 excess of expenses over revenues, the Authority's Net Position decreased during the fiscal year.

**MADISON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013**

E – Capital Assets and Debt Administration

1 – Capital Assets

As of March 31, 2013, the Authority's capital assets, net of accumulated depreciation totaled \$5,787,063 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and equipment.

Major capital assets purchased during the fiscal year totaled \$54,953.

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 March 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Land	\$ 1,059,729	\$ 1,059,729	\$ -
Buildings and improvements	10,606,231	10,606,231	-
Furniture and equipment	<u>847,100</u>	<u>792,147</u>	<u>54,953</u>
Total fixed assets	12,513,060	12,458,107	54,953
Less: accumulated depreciation	<u>6,725,997</u>	<u>6,411,635</u>	<u>314,362</u>
Net capital assets	<u>\$ 5,787,063</u>	<u>\$ 6,046,472</u>	<u>\$ (259,409)</u>

2 – Long Term Debt

During the fiscal year ended March 31, 2005, the Authority participated in the New Jersey HMFA Capital Fund Leveraging Bond Issue. Under the provisions of that agreement, the Authority borrowed \$810,000 to be used in renovating public housing. The loan is repayable over 20 years from future capital fund program grants to be provided by HUD. Principal payments of \$35,000 were made during fiscal year 2013 bringing the balance owed from \$620,000 at March 31, 2012 to \$585,000 at March 31, 2013.

Further details can be found in the notes to the financial statements.

**MADISON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 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 March 31, 2013.

- 1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.
- 2 – The need for Congress to fund the war on terrorism and the possible cut-back on HUD subsidies and grants.
- 3 – The use of the Authority's unrestricted net assets of \$406,197 to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's unrestricted net assets appear sufficient to cover any shortfall.

G – Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the Borough of Madison, 24 Central Avenue, Madison, New Jersey 07940, or call (973) 377-0258.

**MADISON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013**

Composition of Net Position is as follows:

	As Of		Variance
	<u>March 31, 2013</u>	<u>March 31, 2012</u>	
Cash and Other Assets	\$ 1,331,412	\$ 1,308,970	\$ 22,442
Capital Assets - Net	<u>5,787,063</u>	<u>6,046,472</u>	<u>(259,409)</u>
Total Assets	7,118,475	7,355,442	(236,967)
Less: Total Liabilities	<u>1,137,386</u>	<u>1,085,010</u>	<u>52,376</u>
Net Position	<u>\$ 5,981,089</u>	<u>\$ 6,270,432</u>	<u>\$ (289,343)</u>
Net Investment in Capital Assets	\$ 5,202,063	\$ 5,426,472	\$ (224,409)
Restricted Net Position	104,292	270,988	(166,696)
Unrestricted Net Position	<u>674,734</u>	<u>572,972</u>	<u>101,762</u>
Total Net Position	<u>\$ 5,981,089</u>	<u>\$ 6,270,432</u>	<u>\$ (289,343)</u>

Computations of Changes in Net Position are as follows:

	Year Ended		Variance
	<u>March 31, 2013</u>	<u>March 31, 2012</u>	
<u>Revenues</u>			
Tenant Revenues	\$ 859,377	\$ 808,963	\$ 50,414
HUD Subsidies	1,932,105	1,994,482	(62,377)
Other Income	<u>74,147</u>	<u>195,743</u>	<u>(121,596)</u>
Total Operating Revenues	<u>2,865,629</u>	<u>2,999,188</u>	<u>(133,559)</u>
<u>Expenses</u>			
Other Operating Expenses	1,317,606	1,350,494	(32,888)
Housing Assistance Payments	1,533,104	1,530,523	2,581
Depreciation Expense	<u>314,362</u>	<u>306,642</u>	<u>7,720</u>
Total Operating Expenses	<u>3,165,072</u>	<u>3,187,659</u>	<u>(22,587)</u>
Operating Income / (Loss)	<u>(299,443)</u>	<u>(188,471)</u>	<u>(110,972)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest Expense	(26,689)	(26,944)	255
Interest on Investments	1,789	2,043	(254)
Capital Grants	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net non-operating revenues	<u>10,100</u>	<u>10,099</u>	<u>1</u>
Excess Revenues/(Deficiency)	(289,343)	(178,372)	(110,971)
Net Position - Beginning of Year	<u>6,270,432</u>	<u>6,448,804</u>	<u>(178,372)</u>
Net Position - End of Year	<u>\$ 5,981,089</u>	<u>\$ 6,270,432</u>	<u>\$ (289,343)</u>

FINANCIAL STATEMENTS

**MADISON HOUSING AUTHORITY
STATEMENTS OF NET POSITION
AS OF MARCH 31, 2013 AND 2012**

ASSETS		<u>2013</u>	<u>2012</u>
Current assets:			
Cash and cash equivalents	\$	924,839	\$ 527,090
Accounts receivable - HUD, other government		-	460
Accounts receivable - tenants, net		1,732	6,015
Accounts receivable - other		243,794	450,718
Prepaid expenses		<u>41,392</u>	<u>164,410</u>
Total current assets		<u>1,211,757</u>	<u>1,148,693</u>
Non-current assets:			
Restricted cash		119,655	160,277
Capital assets, net		<u>5,787,063</u>	<u>6,046,472</u>
Total non-current assets		<u>5,906,718</u>	<u>6,206,749</u>
Total assets		<u>7,118,475</u>	<u>7,355,442</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$	133,167	\$ 161,759
Accrued compensated absences		28,959	37,510
Accrued expenses		43,084	11,495
Tenant security deposits		90,302	86,618
Prepaid tenant rent		1,903	2,629
Current portion of revenue bonds		30,000	35,000
Grants received in advance		<u>80,215</u>	<u>-</u>
Total current liabilities		<u>407,630</u>	<u>335,011</u>
Non-current liabilities:			
Revenue bonds, net of current portion		555,000	585,000
FSS program escrows		15,275	8,195
Accrued compensated absences, non-current		<u>159,481</u>	<u>156,804</u>
Total non-current liabilities		<u>729,756</u>	<u>749,999</u>
Total liabilities		<u>1,137,386</u>	<u>1,085,010</u>
NET POSITION			
Net position:			
Net investment in capital assets		5,202,063	5,426,472
Restricted		104,292	270,988
Unrestricted		<u>674,734</u>	<u>572,972</u>
Total net position	\$	<u>5,981,089</u>	\$ <u>6,270,432</u>

See accompanying notes to financial statements

MADISON HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Tenant revenue	\$ 859,377	\$ 808,963
HUD operating grants	1,932,105	1,994,482
Other revenues	<u>74,147</u>	<u>195,743</u>
Total operating revenues	<u>2,865,629</u>	<u>2,999,188</u>
Operating expenses:		
Administrative	403,132	531,085
Tenant services	201,481	100,944
Utilities	170,403	143,717
Ordinary repairs and maintenance	346,673	369,077
General expenses	142,333	171,497
Insurance expenses	53,584	34,174
Housing assistance payments	1,533,104	1,530,523
Depreciation	<u>314,362</u>	<u>306,642</u>
Total operating expenses	<u>3,165,072</u>	<u>3,187,659</u>
Operating gain (loss)	<u>(299,443)</u>	<u>(188,471)</u>
Non-operating revenues (expenses):		
Interest expense	(26,689)	(26,944)
Investment income	<u>1,789</u>	<u>2,043</u>
Net non-operating expenses	<u>(24,900)</u>	<u>(24,901)</u>
Loss before capital grants	(324,343)	(213,372)
Capital grants	<u>35,000</u>	<u>35,000</u>
Change in net position	(289,343)	(178,372)
Total net position, beginning of year (as restated)	<u>6,270,432</u>	<u>6,448,804</u>
Total net position, end of year	<u>\$ 5,981,089</u>	<u>\$ 6,270,432</u>

*x \$25,019
GAIN*



See accompanying notes to financial statements

**MADISON HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 1,140,928	\$ 598,274
Cash received from grantors	2,011,162	1,988,253
Cash paid to employees	(369,296)	(312,145)
Cash paid to suppliers	<u>(2,345,813)</u>	<u>(2,561,136)</u>
Net cash flows provided (used) by operating activities	<u>436,981</u>	<u>(286,754)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital grants	35,000	35,000
Purchase of capital assets	(54,953)	(165,157)
Principal paid on capital debt	(35,000)	(35,000)
Interest paid on capital debt	<u>(26,690)</u>	<u>(26,944)</u>
Net cash flows used by capital and related financing activities	<u>(81,643)</u>	<u>(192,101)</u>
Cash Flows from Investing Activities:		
Interest received on investments	<u>1,789</u>	<u>2,043</u>
Net cash flows provided by investing activities	<u>1,789</u>	<u>2,043</u>
Net increase (decrease) in cash	357,127	(476,812)
Cash and cash equivalents at beginning of year	<u>687,367</u>	<u>1,164,179</u>
Cash and cash equivalents at end of year	<u>\$ 1,044,494</u>	<u>\$ 687,367</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position:		
Cash and cash equivalents	\$ 924,839	\$ 527,090
Restricted cash	<u>119,655</u>	<u>160,277</u>
Cash and cash equivalents at end of year	<u>\$ 1,044,494</u>	<u>\$ 687,367</u>

See accompanying notes to financial statements

MADISON HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED MARCH 31, 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)	\$ (299,443)	\$ (188,471)
Items which did not use cash:		
Depreciation	314,362	306,642
Bad debt expense	8,379	-
Changes in operating assets and liabilities:		
Accounts receivable	203,288	(288,522)
Prepaid expenses	123,018	(123,411)
Accounts payable	(28,591)	(83,917)
Accrued compensated absences	(5,874)	102,340
Accrued expenses	11,525	(515)
Security deposits	3,684	4,693
Prepaid tenant rents	(726)	(5,769)
Grants received in advance	80,215	-
Other liabilities	<u>27,144</u>	<u>(9,824)</u>
Net cash provided (used) by operating activities	<u>\$ 436,981</u>	<u>\$ (286,754)</u>

See accompanying notes to financial statements

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Madison Housing Authority ("the Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J. S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Borough of Madison, New Jersey. The Authority is responsible for operating certain low-rent housing programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority.

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

B. Description of Programs

Low Rent Public Housing Program

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

Housing Assistance Payments Program - Section 8

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

Public Housing Capital Fund Program

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

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Programs (continued)

Resident Opportunity and Supportive Services

The purpose of the Resident Opportunity and Support Services Program is to programmatically address the needs of public housing residents by providing supportive services, resident empowerment activities and/or assisting residents in becoming economically self-sufficient. The primary focus of the program is on a spectrum of services for families leading to homeownership.

C. Reporting Entity

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

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

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

D. Basis of Accounting

The Authority's financial statements are prepared in accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement").

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

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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 non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grants and subsidies 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 position, with the associated cash and investments also being reported on the Statement of Net Position 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.

Both administrative fees 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 fees and HAP revenue in the reporting period as revenue for financial statement reporting.

E. 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, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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 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 the time of purchase.

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

G. Accounts Receivable

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

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

H. Prepaid Expenses

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

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets

Fixed 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 Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

◆	Fixtures and Equipment	5 - 7 Years
◆	Site Improvements	15 Years
◆	Buildings	40 Years

The Authority has established a capitalization threshold of \$500.

J. Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. Employees may be compensated for sick leave at retirement or termination at one half of the earned, accrued and unused sick leave at the current salary to a maximum of 160 days.

K. Prepaid Tenant Rents

The Authority's prepaid tenant rent primarily consists of the prepayment of rent by public housing residents that are applicable to future periods

L. Grants Received in Advance

Grants received in advance primarily consist of the receipt of HUD and other governmental program funding applicable to future periods.

M. 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, inter-program receivables and payables are eliminated for financial statement purposes.

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Taxes

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

O. 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.

P. 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."

Q. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods. Pursuant to N.J.S.A 40A:5A-10 and N.J.A.C. 5:31 each authority is required to submit a budget for each fiscal year to the Director of the Division of Local Government Services 60 days prior to the end of the fiscal year.

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 2. CASH AND CASH EQUIVALENTS

For the fiscal years ended March 31, 2013 and 2012, the carrying amount of the Authority's cash and cash equivalents was \$1,044,494 and \$687,367, respectively, and the bank balances approximated \$1,047,640 and \$698,356, respectively.

Of the bank balances, \$355,666 and \$344,887 were covered by federal depository insurance and the remaining \$691,974 and \$353,469 were collateralized with the pledging financial institution for the fiscal years ended March 31, 2013 and 2012, respectively.

<u>Cash Account</u>	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 355,666	\$ 344,887
Collateralized:		
Collateralized amount held by pledging financial institution	<u>691,974</u>	<u>353,469</u>
	<u>\$ 1,047,640</u>	<u>\$ 698,356</u>

All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

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 March 31, 2013 and 2012, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE - TENANTS, NET

At March 31, 2013 and 2012, management estimates that all accounts receivable - tenants are collectible and as such has not provided for an allowance for doubtful accounts.

NOTE 4. ACCOUNTS RECEIVABLE - OTHER

The Authority shares common management with Madison Affordable Housing Corporation ("MAHC"), Cook's Pond Limited Partnership ("CPLP") and the Summit Housing Authority ("SHA"). The Authority provides salaries and benefits to these entities and is reimbursed periodically. At March 31, 2013 and 2012, the Authority is owed \$243,794 and \$450,718, respectively, for salaries and benefits paid on behalf of MAHC, CPLP and SHA. The Authority considers these amounts fully collectible and accordingly, have made no allowance for doubtful accounts

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 5. CAPITAL ASSETS

A summary of the changes in fixed assets for the years ended March 31, 2013 and 2012 were as follows:

Description	March 31, 2012	Additions	Disposals	Transfers	March 31, 2013
<u>Non-depreciable:</u>					
Land	\$ 1,059,729	\$ -	\$ -	\$ -	\$ 1,059,729
Construction in progress	-	-	-	-	-
Total	<u>1,059,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,059,729</u>
<u>Depreciable:</u>					
Buildings and improvements	10,606,231	-	-	-	10,606,231
Furniture and equipment	<u>792,147</u>	<u>54,953</u>	<u>-</u>	<u>-</u>	<u>847,100</u>
Total	<u>11,398,378</u>	<u>54,953</u>	<u>-</u>	<u>-</u>	<u>11,453,331</u>
Less: accumulated depreciation	<u>6,411,635</u>	<u>314,362</u>	<u>-</u>	<u>-</u>	<u>6,725,997</u>
Net capital assets	<u>\$ 6,046,472</u>	<u>\$(259,409)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,787,063</u>

Description	March 31, 2011	Additions	Disposals	Transfers	March 31, 2012
<u>Non-depreciable:</u>					
Land	\$ 1,059,729	\$ -	\$ -	\$ -	\$ 1,059,729
Construction in progress	-	-	-	-	-
Total	<u>1,059,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,059,729</u>
<u>Depreciable:</u>					
Buildings and improvements	10,506,573	99,658	-	-	10,606,231
Furniture and equipment	<u>726,648</u>	<u>65,499</u>	<u>-</u>	<u>-</u>	<u>792,147</u>
Total	<u>11,233,221</u>	<u>165,157</u>	<u>-</u>	<u>-</u>	<u>11,398,378</u>
Less: accumulated depreciation	<u>6,104,993</u>	<u>306,642</u>	<u>-</u>	<u>-</u>	<u>6,411,635</u>
Net capital assets	<u>\$ 6,187,957</u>	<u>\$(141,485)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,046,472</u>

Depreciation expense for the years ended March 31, 2013 and 2012 totaled \$314,362 and 306,642, respectively.

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 6. RESTRICTED CASH

As of March 31, 2013 and 2012, restricted cash consisted of the following:

<u>Cash Category</u>	<u>2013</u>	<u>2012</u>
Housing Assistance Payment reserves	\$ 104,292	\$ 152,009
Family Self Sufficiency program escrows	15,275	8,195
Unspent debt leveraging proceeds	<u>88</u>	<u>73</u>
	<u>\$ 119,655</u>	<u>\$ 160,277</u>

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

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

Unspent debt leveraging proceeds are from 2004 Series A Capital Fund Program Revenue Bonds which are restricted for certain capital improvements in accordance with the Authority's approved annual plan.

NOTE 7. TENANT SECURITY DEPOSITS

Tenant security deposits represent amounts held by the Authority on behalf of tenants participating in the Low Rent Public Housing Program. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 8. PAYMENTS IN LIEU OF TAXES

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Borough of Madison. Under the Cooperation Agreement, the Authority must pay the Borough the lesser of 10% of its net shelter rent or the approximate full real property taxes. At March 31, 2013 and 2012, the authority owed a balance for PILOT expenses in the amount of \$69,782 and \$66,525, respectively, and is included in accounts payable on the Statement of Net Position.

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 9. LONG TERM DEBT

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 \$810,000. Interest accrues at 4.418% and is payable semi-annually on May 1st and November 1st. Repayment of the funds shall be paid solely from Capital Fund allocations received by the Authority from the Department of Housing and Urban Development.

The funds received from the leveraging pool are restricted and must be spent in accordance with the Authority's Capital Fund budget within four years and as such are recorded as restricted cash on the Statement of Net Position.

The outstanding balance at March 31, 2013 and 2012 totaled \$585,000 and \$620,000, respectively. Annual debt service for principal and interest over the next five years and in five year increments are as follows:

Year	Principal	Interest	Total
2014	30,000	26,023	56,023
2015	30,000	24,883	54,883
2016	40,000	23,571	63,571
2017	40,000	21,821	61,821
2018	40,000	20,071	60,071
2019 - 2023	240,000	70,871	310,871
2024 - 2026	<u>165,000</u>	<u>14,100</u>	<u>179,100</u>
	<u>\$ 585,000</u>	<u>\$ 201,340</u>	<u>\$ 786,340</u>

Interest expense for the years ended March 31, 2013 and 2012 totaled \$26,689 and \$26,944, respectively.

Debt service activity for the year ended March 31, 2013 and 2012 consisted of the following:

Description	March 31, 2012	Additions	Principal Payments	March 31, 2013	Amount due currently
Capital fund revenue bonds	\$ 620,000	\$ -	\$ (35,000)	\$ 585,000	\$ 30,000
FSS escrows	8,195	7,080	-	15,275	-
Accumulated compensated absences	<u>194,314</u>	<u>62,886</u>	<u>(68,760)</u>	<u>188,440</u>	<u>28,959</u>
Total	<u>\$ 822,509</u>	<u>\$ 69,966</u>	<u>\$(103,760)</u>	<u>\$ 788,715</u>	<u>\$ 58,959</u>

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 9. LONG TERM DEBT (continued)

Description	March 31, 2011	Additions	Principal Payments	March 31, 2012	Amount due currently
Capital fund revenue bonds	\$655,000	\$ -	\$ (35,000)	\$ 620,000	\$ 35,000
FSS escrows	18,019	-	(9,824)	8,195	-
Accumulated compensated absences	<u>91,974</u>	<u>221,394</u>	<u>(119,054)</u>	<u>194,314</u>	<u>37,510</u>
Total	<u>\$764,993</u>	<u>\$221,394</u>	<u>\$ (163,878)</u>	<u>\$ 822,509</u>	<u>\$ 72,510</u>

NOTE 10. FAMILY SELF SUFFICIENCY ESCROWS

Family Self Sufficiency program escrows consist of amounts due to participants in the Family Self Sufficiency Program ("FSS"). At March 31, 2013 and 2012 these amounts totaled \$15,275 and \$8,195, respectively.

NOTE 11. ACCRUED 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. As of March 31, 2013 and 2012, the Authority had accrued \$188,440 and \$194,314 in compensated absences, of which \$28,959 and \$37,510, is estimated to be currently due.

NOTE 12. RESTRICTED NET ASSETS

Restricted net assets consists of the following at March 31, 2013 and 2012

<u>Category</u>	<u>2013</u>	<u>2012</u>
Housing assistance payment reserves	\$ <u>104,292</u>	\$ <u>270,988</u>

Housing Assistance Payment reserves are restricted for use in the Housing Choice Voucher Program for tenant rents.

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 13. PENSION PLAN

A. Description of the Plan

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 Statutes, 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

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.

D. Contribution Requirements

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.

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 13. PENSION PLAN (continued)

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, 2012 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
March 31, 2013	\$ <u>77,503</u>	<u>100</u>	\$ <u>-</u>
March 31, 2012	\$ <u>81,388</u>	<u>100</u>	\$ <u>-</u>
March 31, 2011	\$ <u>72,126</u>	<u>100</u>	\$ <u>-</u>

NOTE 14. OTHER POST EMPLOYMENT BENEFITS

The Authority participates 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.

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 14. OTHER POST EMPLOYMENT BENEFITS (continued)

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.

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.

Chapter 78, P.L. 2011, effective June 28, 2011, established new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required. Under Chapter 78, certain future retirees eligible for employer-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

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.

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 14. OTHER POST EMPLOYMENT BENEFITS (continued)

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 December 31, 2011, the Authority had three (3) retired participants in the system. The required contribution rate is determined on an annual pay as you go basis.

The following amounts were the required contributions to the SHBP for the past three years:

Year	Amount
March 31, 2013	\$ <u>41,883</u>
March 31, 2012	\$ <u>39,413</u>
March 31, 2011	\$ <u>32,901</u>

NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

The Authority adopted GASB 65 *"Items previously Reported as Assets and Liabilities"* for the fiscal years ended March 31, 2013 and 2012. 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 position decreased \$14,000 as of April 1, 2011 and interest expense decreased \$1,102 for the fiscal year ended March 31, 2012.

NOTE 16. RESTATEMENT OF NET POSITION

As a result of the application of the GASB 65 changes in accounting principles as described in footnote 15, the Authority restated its March 31, 2012 net position from \$6,103,657 to \$6,089,657. With the change in accounting principle as a result of adopting GASB 65, the other assets account, related to loan origination costs was reduced from \$14,000 to \$0.

NOTE 17. PRIOR PERIOD ADJUSTMENT

Beginning net position for 2011 increased \$180,775 in order to correct an error in reporting accrued compensated absences. As a result on the error, total liabilities decreased and unrestricted net position increased by \$180,775 respectively, as of April 1, 2011. The restated balance of unrestricted net position as of March 31, 2012 totaled \$6,270,432.

NOTE 18. ECONOMIC DEPENDENCY

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

**MADISON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

NOTE 19. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of March 31, 2013 and 2012, the Authority estimates that no material liabilities will result from such audits.

NOTE 20. RISK MANAGEMENT

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

NOTE 21. 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 5, 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
Madison 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 Madison Housing Authority ("the Authority") as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise Madison Housing Authority's basic financial statements, and have issued our report thereon dated August 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madison 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 Madison Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Madison 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 Madison 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 or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

August 5, 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
Madison Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the Madison Housing Authority compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Madison Housing Authority's major federal programs for the year ended March 31, 2013. Madison 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 Madison 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 Madison 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 Madison 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, Madison 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 March 31, 2013.

Report on Internal Control Over Compliance

Management of Madison 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 Madison 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 Madison 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 Madison Housing Authority as of and for the year ended March 31, 2013, and have issued our report thereon dated August 5, 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 5, 2013
Toms River, New Jersey

Fallon & Larsen LLP

**MADISON HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED MARCH 31, 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	\$ 64,064
Section 8 Housing Choice Voucher Program	14.871	1,702,973
Resident Opportunity and Supportive Services	14.870	197,885
Public Housing Capital Fund Program	14.872	<u>124,903</u>
		<u>\$ 2,089,825</u>

**MADISON HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2013**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Madison Housing Authority under programs of the federal government for the year ended March 31, 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 Madison Housing Authority, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Madison 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 March 31, 2013.

**MADISON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 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 significant deficiencies identified not considered to be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|---|--|
| 1. | Dollar threshold used to distinguish Type A Programs | |
| | from Type B Programs: | \$300,000 |
| 2. | Auditee qualified as low-risk Auditee? | Yes |
| 3. | Type of auditor's report on compliance for major programs: | Unmodified |
| 4. | Internal Control over compliance: | |
| a. | Material weakness(es) identified? | No |
| b. | Were significant deficiencies identified not considered to be material weaknesses? | No |
| c. | Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) | No |
| 5. | Identification of major programs: | |
| | <u>CFDA Number</u> | <u>Name of Federal Program</u> |
| | 14.871 | Section 8 Housing Choice Voucher Program |

MADISON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
MARCH 31, 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.

**MADISON HOUSING AUTHORITY
SCHEDULE OF CAPITAL FUND PROGRAM
COSTS AND ADVANCES
FOR THE YEAR ENDED MARCH 31, 2013**

	<u>501-11</u>	<u>501-12</u>	<u>Total</u>
Budget	\$ <u>177,572</u>	\$ <u>145,604</u>	\$ <u>323,176</u>
<u>Advances:</u>			
Cumulative through 3/31/12	\$ 114,062	\$ 26,509	\$ 140,571
Current Year	<u>63,510</u>	<u>61,853</u>	<u>125,363</u>
Cumulative through 3/31/13	<u>177,572</u>	<u>88,362</u>	<u>265,934</u>
<u>Costs:</u>			
Cumulative through 3/31/12	114,062	26,969	141,031
Current Year	<u>63,510</u>	<u>61,393</u>	<u>124,903</u>
Cumulative through 3/31/13	<u>177,572</u>	<u>88,362</u>	<u>265,934</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Summary:</u>			
<u>Soft Costs:</u>			
Cumulative through 3/31/12	\$ 114,062	\$ 26,509	\$ 140,571
Current Year	<u>28,510</u>	<u>61,853</u>	<u>90,363</u>
Cumulative through 3/31/13	<u>142,572</u>	<u>88,362</u>	<u>230,934</u>
<u>Hard Costs:</u>			
Cumulative through 3/31/12	-	-	-
Current Year	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Cumulative through 3/31/13	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Cumulative	\$ <u>177,572</u>	\$ <u>88,362</u>	\$ <u>265,934</u>

Madison Housing Authority										
NJ105										
Financial Data Schedule (FDS)										
March 31, 2013										
Line Item #	Account Description	Projects	Resident Opportunity and Supportive Service	Housing Choice Vouchers	Elimination	TOTAL				
ASSETS:										
CURRENT ASSETS:										
Cash:										
111	Cash - unrestricted	\$ 632,092	\$ 80,215	\$ 122,230	\$ -	\$ 834,537				
112	Cash - restricted - modernization and development	-	-	-	-	-				
113	Cash - other restricted	88	-	119,567	-	119,655				
114	Cash - tenant security deposits	90,302	-	-	-	90,302				
115	Cash - restricted for payment of current liabilities	-	-	-	-	-				
100	Total cash	722,482	80,215	241,797	-	1,044,494				
Accounts and notes receivables:										
121	Accounts receivable - PHA projects	-	-	-	-	-				
122	Accounts receivable - HUD other projects	-	-	-	-	-				
124	Accounts receivable - other government	-	-	-	-	-				
125	Accounts receivable - miscellaneous	243,794	-	-	-	243,794				
126	Accounts receivable- tenants	1,732	-	-	-	1,732				
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	Total receivables, net of allowances for doubtful accounts	245,526	-	-	-	245,526				
Current investments										
131	Investments - unrestricted	-	-	-	-	-				
132	Investments - restricted	-	-	-	-	-				
135	Investments - restricted for payment of current liability	-	-	-	-	-				
142	Prepaid expenses and other assets	37,831	-	3,561	-	41,392				
143	Inventories	-	-	-	-	-				
143.1	Allowance for obsolete inventories	-	-	-	-	-				
144	Interprogram - due from	-	-	-	-	-				
145	Assets held for sale	-	-	-	-	-				
150	TOTAL CURRENT ASSETS	1,005,839	80,215	245,358	-	1,331,412				
NONCURRENT ASSETS:										
Fixed assets:										
161	Land	1,059,729	-	-	-	1,059,729				
162	Buildings	10,606,231	-	-	-	10,606,231				
163	Furniture, equipment & machinery - dwellings	399,010	-	-	-	399,010				
164	Furniture, equipment & machinery - administration	448,090	-	-	-	448,090				
165	Leaschold improvements	-	-	-	-	-				
166	Accumulated depreciation	(6,725,997)	-	-	-	(6,725,997)				
167	Construction in Progress	-	-	-	-	-				
168	Infrastructure	-	-	-	-	-				
160	Total fixed assets, net of accumulated depreciation	5,787,063	-	-	-	5,787,063				
Other non-current assets:										
171	Notes and mortgages receivable - non-current	-	-	-	-	-				
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-				
174	Other assets	-	-	-	-	-				
175	Undistributed debits	-	-	-	-	-				
176	Investment in joint ventures	-	-	-	-	-				
180	TOTAL NONCURRENT ASSETS	5,787,063	-	-	-	5,787,063				
190	TOTAL ASSETS	\$ 6,792,902	\$ 80,215	\$ 245,358	\$ -	\$ 7,118,475				

Madison Housing Authority						
NJ105						
Financial Data Schedule (FDS)						
March 31, 2013						
Line Item #	Account Description	Projects	Resident Opportunity and Supportive Service	Housing Choice Vouchers	Elimination	TOTAL
LIABILITIES AND EQUITY:						
Liabilities:						
Current Liabilities:						
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	50,311	-	-	-	50,311
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	10,749	-	1,311	-	12,060
322	Accrued compensated absences - current portion	26,540	-	2,419	-	28,959
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	10,960	-	-	-	10,960
331	Accounts payable - HUD PHA programs	-	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	82,856	-	-	-	82,856
341	Tenant security deposits	90,302	-	-	-	90,302
342	Deferred revenue	1,903	80,215	-	-	82,118
343	Current portion of L-T debt - capital projects	30,000	-	-	-	30,000
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-
346	Accrued liabilities - other	20,064	-	-	-	20,064
347	Interprogram - due to	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	323,685	80,215	3,730	-	407,630
NONCURRENT LIABILITIES:						
351	Long-term debt, net of current - capital projects	555,000	-	-	-	555,000
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities - other	-	-	15,275	-	15,275
354	Accrued compensated absences - noncurrent	149,739	-	9,742	-	159,481
355	Loan Liability - Non Current	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-
350	TOTAL NONCURRENT LIABILITIES	704,739	-	25,017	-	729,756
300	TOTAL LIABILITIES	1,028,424	80,215	28,747	-	1,137,386
EQUITY:						
508.1	Invested in Capital Assets, Net of Related Debt	5,202,063	-	-	-	5,202,063
511.1	Restricted Net Assets	-	-	104,292	-	104,292
512.1	Unrestricted Net Assets	562,415	-	112,319	-	674,734
513	TOTAL EQUITY	5,764,478	-	216,611	-	5,981,089
600	TOTAL LIABILITIES AND EQUITY	\$ 6,792,902	\$ 80,215	\$ 245,358	\$ -	\$ 7,118,475
	Proof of concept	-	-	-	-	-

Madison Housing Authority							
NJ105							
Financial Data Schedule (FDS)							
March 31, 2013							
Line Item #	Account Description	Operating Fund Program	Capital Fund Program	Resident Opportunity and Supportive Service	Housing Choice Vouchers	Elimination	TOTAL
REVENUE:							
70300	Net tenant rental revenue	\$ 859,377	\$ -	\$ -	\$ -	\$ -	\$ 859,377
70400	Tenant revenue - other	-	-	-	-	-	-
70500	Total tenant revenue	859,377	-	-	-	-	859,377
70600	HUD PHA grants	64,064	89,903	197,885	1,580,253	-	1,932,105
70610	Capital grants	-	35,000	-	-	-	35,000
70800	Other government grants	-	-	-	-	-	-
71100	Investment income - unrestricted	1,280	-	-	15	-	1,295
71200	Mortgage interest income	-	-	-	-	-	-
71300	Proceeds from disposition of asseets held for sale	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	9,501	-	-	-	-	9,501
71500	Other revenue	64,646	-	-	-	-	64,646
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-
72000	Investment income - restricted	15	-	-	479	-	494
70000	TOTAL REVENUE	998,883	124,903	197,885	1,580,747	-	2,902,418
EXPENSES:							
Administrative							
91100	Administrative salaries	44,879	41,534	-	61,726	-	148,139
91200	Auditing fees	6,810	-	-	1,950	-	8,760
91300	Outside management fees	-	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-
91500	Employee benefit contributions- administrative	30,943	-	-	29,540	-	60,483
91600	Office expenses	117,902	-	-	63,048	-	180,950
91700	Legal expenses	-	-	-	-	-	-
91800	Travel	4,292	-	-	508	-	4,800
91810	Allocated overhead	-	-	-	-	-	-
91900	Other	-	-	-	-	-	-
92000	Asset Management Fee	-	-	-	-	-	-
Tenant services							
92100	Tenant services - salaries	-	-	61,100	-	-	61,100
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	10,000	-	-	10,000
92400	Tenant services - other	3,596	-	126,785	-	-	130,381

Madison Housing Authority							
NJ105							
Financial Data Schedule (FDS)							
March 31, 2013							
Line Item #	Account Description	Operating Fund Program	Capital Fund Program	Resident Opportunity and Supportive Service	Housing Choice Vouchers	Elimination	TOTAL
	Utilities						
93100	Water	12,436	-	-	-	-	12,436
93200	Electricity	56,624	-	-	-	-	56,624
93300	Gas	58,524	-	-	-	-	58,524
93400	Fuel	-	-	-	-	-	-
93500	Labor	22,083	-	-	-	-	22,083
93600	Sewer	-	-	-	-	-	-
93700	Employee benefit contributions- utilities	20,736	-	-	-	-	20,736
93800	Other utilities expense	-	-	-	-	-	-
	Ordinary maintenance & operation						
94100	Ordinary maintenance and operations - labor	93,041	-	-	-	-	93,041
94200	Ordinary maintenance and operations - materials & oth	47,954	-	-	-	-	47,954
94300	Ordinary maintenance and operations - contract costs	129,116	-	-	-	-	129,116
94500	Employee benefit contributions- ordinary maintenance	76,562	-	-	-	-	76,562
	Protective services						
95100	Protective services - labor	-	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-
	General expenses						
96100	Insurance premiums	48,876	-	-	4,708	-	53,584
96200	Other general expenses	-	1,286	-	-	-	1,286
96210	Compensated absences	54,497	-	-	8,389	-	62,886
96300	Payments in lieu of taxes	69,782	-	-	-	-	69,782
96400	Bad debt - tenant rents	8,379	-	-	-	-	8,379
96500	Bad debt- mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96700	Interest expense	(535)	27,224	-	-	-	26,689
96710	Amortization of bond issue costs	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96900	TOTAL OPERATING EXPENSES	906,497	70,044	197,885	169,869	-	1,344,295
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	92,386	54,859	-	1,410,878	-	1,558,123
97100	Extraordinary maintenance	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	1,533,104	-	1,533,104
97350	HAP Portability - in	-	-	-	-	-	-
97400	Depreciation expense	314,362	-	-	-	-	314,362
97500	Fraud losses	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
90000	TOTAL EXPENSES	1,220,859	70,044	197,885	1,702,973	-	3,191,761

Madison Housing Authority							
NJ105							
Financial Data Schedule (FDS)							
March 31, 2013							
Line Item #	Account Description	Operating Fund Program	Capital Fund Program	Resident Opportunity and Supportive Service	Housing Choice Vouchers	Elimination	TOTAL
OTHER FINANCING SOURCES (USES)							
10010	Operating transfers in	19,859	-	-	-	(19,859)	-
10020	Operating transfers out	-	(19,859)	-	-	19,859	-
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	TOTAL OTHER FINANCING SOURCES (USES)	19,859	(19,859)	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPE	(202,117)	35,000	-	(122,226)	-	(289,343)
MEMO ACCOUNT INFORMATION:							
11020	Required annual debt principal payments	-	35,000	-	-	-	35,000
11030	Beginning equity	5,824,741	-	-	278,916	-	6,103,657
11040	Prior period adjustments and equity transfers	106,854	-	-	59,921	-	166,775
11170	Administrative fee equity	-	-	-	50,274	-	50,274
11180	Housing assistance payments equity	-	-	-	104,292	-	104,292
11190	Unit months available	1,608	-	-	2,280	-	3,888
11210	Number of unit months leased	1,596	-	-	1,946	-	3,542
Equity Roll Forward Test:							
	Calculation from R/E Statement	\$ 5,764,478	\$ -	\$ -	\$ 216,611	\$ -	\$ 5,981,089
	B/S Line 513	\$ 5,764,478	\$ -	\$ -	\$ 216,611	\$ -	\$ 5,981,089
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -