Report On Audit

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

For the Year Ended June 30, 2012

Housing Authority of the Township of Edison

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HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

As Management of the Housing Authority of The Township of Edison (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 15 of this report. New standards issued by GASB have significantly changed the format of the financial statements. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

Assets of the Authority's enterprise fund were $5,516,789 greater than the liabilities, a decrease in the financial position of $260,698 or a 5% percent decrease.

As noted above, the assets of the Authority exceeded its liabilities by $5,516,789 as of June 30, 2012. Of this amount, the unrestricted net asset portion is $1,608,337 representing a decrease of $80,158 or 5% percent from the previous fiscal year. The investment in fixed assets decreased $80,436 or 2% percent for an ending balance of $3,433,133. The restricted net assets decreased $100,104 or 17% percent from the previous fiscal year. Additional information on the Authority's restricted and unrestricted net assets can be found in Note 20 and 21 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at June 30, 2012 is $1,247,957 representing a decrease of $6,591 or 1% percent from the prior fiscal year. The full detail of this amount can be found in the Statement of Cash Flow on page 17 of this report.

The Authority's total assets are $6,667,573 of which capital assets net book value is $4,233,133, other noncurrent assets is $24,898, leaving total current assets at $2,409,542. Total current assets decreased from the previous year by $145,535 or 6% percent. Cash and cash equivalents decreased by $6,591, accounts receivables increased by $108,817, investments decreased by $250,253, and prepaid expenses increased by $2,492.

The Authority's total liabilities are reported at $1,150,784, of which noncurrent liabilities are stated at $960,528. Total liabilities decreased during the year as compared to the prior year in the amount of $2,762 or less than 1% percent. Total current liabilities decreased during the fiscal year by $53,664, leaving noncurrent liabilities for an increase of $50,902 or 6% percent as compared to the previous fiscal year.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

FINANCIAL HIGHLIGHTS - CONTINUED

Total current liabilities decreased from the previous fiscal year by $53,664 or 22% percent. Accounts payables decreased by $8,392, accrued liabilities decreased by $17,127, tenant security deposit payable decreased by $925, deferred revenue decreased $27,220, and the current portion of the Capital Project Bonds remained unchanged.

Total noncurrent liabilities increased by $50,902 or 6% percent. The increased was made up of three accounts, long-term capital bonds which decreased by $35,000 for an ending balance of $765,000, accrued compensated absences – long term with no offsetting assets increased $3,852 from the prior fiscal year for an ending balance of $31,427, and accrued other post-employment benefits (OPEB) liabilities increased $82,050 or 100% percent. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. All of the Authority's retirees continue their life insurance and continue to receive health insurance benefits at various percentages of the Authority's cost. In prior years, the Authority financed OPEB on a pay-as-you-go basis with expenditures recorded in the General Fund. Accounting for OPEB under GASB No. 45 will result in the Authorities reporting a significant actuarially-based liability for benefits. The Authority's actuarially-based liability benefits for June 30, 2012 are $164,101. Additional information on the Authority's accrued other post-employment benefits (OPEB) liabilities at June 30, 2012 can be found in Note 19 to the financial statements, which is included in this report

The Authority had total operating revenue of $6,369,556 as compared to $5,708,761 from the prior year for an increase of $660,795 or 12% percent. Total operating expenses of $6,756,655 as compared to $6,053,056 from the previous year for an increase of $703,599 or 12% percent, resulting in a loss from operations in the amount of $387,099 for the current fiscal year as compared to a loss from operation in the amount of $344,295 from the previous fiscal year for an increase in expenses over revenue in the amount of $42,804 or 12% percent.

Total capital improvements contributions from HUD were $122,456 as compared to $246,126 from the previous fiscal year for a decrease of $123,670 or 50% percent.

The Authority's Expenditures of Federal Awards amounted to $4,942,531 for the fiscal year as compared to $5,300,700 for the previous year.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

There are two major parts to the financial statements:

1) Enterprise fund financial statements and
2) The notes to the financial statements.

This report also contains other supplementary information in addition to the financial statements. The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types.

The Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Net Assets are two financial statements that report information about the Authority and its activities. The Statement of Cash Flow help to demonstrate how the Authority's cash position changed due to the current year's operating activities. Theses 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.

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

The Statement of Revenue, Expenses and Changes in Net Assets present information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related 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 Notes to Financial Statements provide additional information that is essential to a full understanding of the financial statements and are an integral part of the statements. The Notes to Financial Statements can be found in this Report beginning on page 18 through 42.

The Authority 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 15 through 17.

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 43 of this report.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

The comparison of actual results to the Authority's adopted budget for the Low Income Public Housing Program found on page 44 the Section Eight Housing Choice Voucher Program on page 45.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Assets between June 30, 2012 and June 30, 2011.

	Year Ended June-12	Year Ended June-11	Increase (Decrease)
Cash	$ 1,247,957	$ 1,254,548	$ (6,591)
Other Current Assets	1,161,585	1,300,529	(138,944)
Capital Assets - Net	4,233,133	4,348,569	(115,436)
Other Assets	24,898	27,387	(2,489)
Total Assets	6,667,573	6,931,033	(263,460)
Less: Current Liabilities	(190,256)	(243,920)	53,664
Less: Non Current Liabilities	(960,528)	(909,626)	(50,902)
Net Assets	$ 5,516,789	$ 5,777,487	$ (260,698)
Invested in Capital Assets	$ 3,433,133	$ 3,513,569	$ (80,436)
Restricted Net Assets	475,319	575,423	(100,104)
Unrestricted Net Assets	1,608,337	1,688,495	(80,158)
	$ 5,516,789	$ 5,777,487	$ (260,698)

Cash decreased by $6,591 or 1% percent. Net cash used by operating activities was $294,592, net cash provided by capital and related financing activities was $34,728, and net cash provided by investing activities was $253,273. The full detail of this amount can be found in the Statement of Cash Flow on page 17 of this audit report.

Other current assets decreased $138,944 or 11%. The Authority sold investments in the amount of $250,253 for a closing balance of $911,922. Prepaid expenses increased in the amount of $2,492 or 8% was attributed primarily to an increase in insurance expenses. Accounts receivables increased by $108,817, which was primarily supported by a receivable for capital grants, shelter care plus, and operating subsidy from HUD.

Capital assets report a decrease in the net book value of the capital assets in the amount of $115,436 or 3% percent. The major factors contributed for the decrease was the construction expenditures and additions to fixed assets in the amount of $141,119 made during the fiscal year offset by the recording of depreciation expense in the amount of $256,555. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 10 Fixed Assets.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority reported a decrease in other assets in the amount of $2,489. The amount consists of one account, the amortization of the underwriters cost for the financing of the capital leveraging program. A full detail of these accounts can be found in the Notes to the Financial Statements section Note – 11 Other Assets.

Total current liabilities decreased from the previous fiscal year by $53,664 or 22% percent. Accounts payables decreased by $8,392, accrued liabilities decreased by $17,127, tenant security deposit payable decreased by $925, deferred revenue decreased $27,220, and the current portion of the Capital Project Bonds remained unchanged.

Total noncurrent liabilities increased by $50,902 or 6% percent. The increases were made up of three accounts, long-term capital bonds which decreased by $35,000 for an ending balance of $765,000, accrued compensated absences – long term with no offsetting assets increased $3,852 from the prior fiscal year for an ending balance of $31,427, and accrued other post-employment benefits (OPEB) liabilities increased $82,050 or 100% percent. Additional information on the Authority's accrued other post-employment benefits (OPEB) liabilities at June 30, 2012 can be found in Note 19 to the financial statements, which is included in this report

By far the largest portion of the Authority's net assets 62% percent reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process), less any related debt used to acquired those assets that is still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending.

The Authority reported restricted net assets of $475,319. The amount of $475,319 represents the amount of cash that is restricted for the Housing Choice Voucher program. Additional information on these funds can be found in Note 20 Restricted Net Assets.

The Housing Authority of the Township of Edison operating results for June 30, 2012 reported a decrease in Unrestricted Net Assets of $80,158 or 5% percent for an ending balance of $1,608,337. Additional information on the Authority's unrestricted net assets can be found in Note 21 to the financial statements, which is included in this report.

At the end of the current fiscal year, the Authority is able to report positive balances in all three categories of net assets. The same situation held true for the prior year.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Assets between June 30, 2012 and June 30, 2011.

Computation of Changes in Net Assets are as follows:

	Year Ended June-12	Year Ended June-11	Increase (Decrease)
Revenues			
Tenant Revenues	$ 589,928	$ 580,256	$ 9,672
HUD Subsidies	4,820,075	5,054,574	(234,499)
Fraud Recovery	-	9,351	(9,351)
Other Revenues	959,553	64,580	894,973
Total Operating Income	6,369,556	5,708,761	660,795
Expenses			
Operating Expenses	6,500,101	5,793,906	706,195
Depreciation Expense	256,554	259,150	(2,596)
Total Operating Expenses	6,756,655	6,053,056	703,599
Operating Income (Loss) Before Capital Grants	(387,099)	(344,295)	(42,804)
Interest Income	3,945	11,604	(7,659)
HUD Capital Grants	122,456	246,126	(123,670)
Increase in Net Assets	(260,698)	(86,565)	(174,133)
Prior Period Adjustment	-	(2)	2
Net Assets Prior Year	5,777,487	5,864,054	(86,567)
Total Net Assets	$ 5,516,789	$ 5,777,487	$ (260,698)

Approximately 76% of the Authority's total revenue was provided by HUD operating subsidy, while 9% resulted from tenant revenue, and 15% resulted from other revenue.

The Housing Authority of the Township of Edison received from the capital fund program $122,456 in grant money a decrease of $123,670 or 50% percent from the prior fiscal year. These capital expenditures of $122,456 were used primarily for vacant unit renovations, ranges and refrigerators, and site improvements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority operating expenses cover a range of expenses. The largest expense was for housing assistance payments representing 67% of total operating expenses. Administrative expenses accounted for 12%, tenant services accounted for less than 1%, utilities accounted for 5%, maintenance accounted for 8%, and other operating expenses and depreciation accounted for the remaining 7% of the total operating expenses.

The Authority operated at a loss in the amount of $387,099 as compared to a loss in prior year in the amount of $344,295 or an increase in expenses over revenue in the amount of $42,804. The key elements for the increased deficit are as follows:

- The Authority experienced a decrease in HUD Operating Grants in the amount of $234,499, as compared to the previous fiscal year.
- The Authority experienced an increase in HAP Expenses in the amount of $879,292 mainly due to the increase in Hap Port-In expenses which was offset by an increase in Other Revenue in the amount of $894,973 mainly due to increase in Port-In revenues.
- The Authority reduced operating expense net of HAP expense by $175,693 as compared to the previous fiscal year.

Total net cash used by operating activities during the year was $294,592. Full detail of this amount can be found on the Statement of Cash Flow on page 17 of this report.

Overall the Authority reported a decrease in Unrestricted Net Assets of $80,158 or a decrease of 5% percent for an ending balance of $1,608,337. Additional information on the Authority's unrestricted net assets can be found in Note 21 to the financial statements, which is included in this report.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2012, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

The budget for the Low Rent Public Housing was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The full detail can be found in the Budget comparison to actual results for the Low Rent Public Housing Program on page 44 of this report.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of rents and 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 were not sufficient to cover all operating expenses.

The Authority's Unrestricted Net Assets appear sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

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

THE HOUSING AUTHORITY TOWNSHIP OF EDISON PROGRAMS

Public Housing Program

Under the Public Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a $50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Housing Authority of the Township of Edison flat rent amount.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Capital Fund Program

The public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments and homes to keep them clean, safe and in good condition.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

THE HOUSING AUTHORITY TOWNSHIP OF EDISON PROGRAMS - CONTINUED

Shelter Plus Care Program

Shelter Plus Care (S+C) 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. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities

CDBG Program

CDBG Program award grants for development units of local Housing Authorities to carry out development activities for the community.

NEW INITIATIVES

The current administration of the Authority is determined to improve the financial results of the Authority's operations. Additionally, it is the Authority's goal to provide better communication with the community, commissioners, and tenants. Also, it is important to preserve the Authority assets by enhanced procurement activities and performing major capital projects where needed.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the Authority's investment in capital assets was $4,233,133 (net of accumulated depreciation) reflected in the following schedule which represents a decrease of $115,436 from the previous year. This investment in capital assets includes land, buildings, equipment, and construction in progress.

Major capital expenditures of $141,119 were made during the fiscal year. Major capital assets events during the fiscal year included the following:

- Vacant Unit Renovations
- Ranges and Refrigerators
- Site Improvements
- Bed Bug Extermination Machine

	June-12	June-11	Increase (Decrease)
Land	$ 400,000	$ 400,000	$ -
Building	9,393,449	9,078,220	315,229
Furniture, Equipment - Dwelling	257,929	255,944	1,985
Furniture, Equipment - Administration	261,762	258,515	3,247
Construction in Process	226,311	405,653	(179,342)
Total Fixed Assets	10,539,451	10,398,332	141,119
Accumulated Depreciation	(6,306,318)	(6,049,763)	(256,555)
Net Book Value	$4,233,133	$4,348,569	$ (115,436)

Additional information on the Authority's capital assets can be found in Note 10 to the financial statements, which is included in this report.

2 – Long Term Debt

The Authority has participated in the New Jersey pooled leveraging program for the year ending June 30, 2012. The Capital Project Bond payable in the amount of $800,000 was outstanding as of June 30, 2012. A full disclosure of loans payable at June 30, 2012 can be found in Note- 18.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority of the Township of Edison is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.

The capital budget for the 2012 fiscal year was submitted to HUD and was approved with no major changes. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2013.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.
- Inflationary pressure on utility rates, supplies and other cost.
- The Authority's Unrestricted Net Assets appear sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

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 Ms. Madeline Cook, Executive Director, Housing Authority Township of Edison, 14 Rev. Samuel Carpenter Blvd. Edison, NJ or call (908) 561-2525.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012 AND 2011

	June-12	June-11
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 1,247,957	$ 1,254,548
Accounts Receivables, Net of Allowances	216,038	107,221
Investments	911,922	1,162,175
Prepaid Expenses	33,625	31,133
Total Current Assets	2,409,542	2,555,077
Noncurrent Assets		
Capital Assets		
Land	400,000	400,000
Building	9,393,449	9,078,220
Furniture, Equipment - Dwelling	257,929	255,944
Furniture, Equipment - Administration	261,762	258,515
Construction in Process	226,311	405,653
Total Capital Assets	10,539,451	10,398,332
Less: Accumulated Depreciation	(6,306,318)	(6,049,763)
Net Book Value	4,233,133	4,348,569
Other Assets	24,898	27,387
Total Other Assets	24,898	27,387
Total Assets	$ 6,667,573	$ 6,931,033
Liabilities		
Current Liabilities:		
Accounts Payable	$ 69,059	$ 77,451
Accrued Liabilities	28,326	45,453
Tenant Security Deposit Payable	49,436	50,361
Deferred Revenue	8,435	35,655
Current Portion - Long Term Debt	35,000	35,000
Total Current Liabilities	190,256	243,920
Noncurrent Liabilities		
Long Term Debt - CFFP	765,000	800,000
Accrued Compensated Absences - Long-Term	31,427	27,575
Accrued Other Post-Employment Benefits (OPEB) Liabilities	164,101	82,051
Total Noncurrent Liabilities	960,528	909,626
Total Liabilities	1,150,784	1,153,546
Net Assets:		
Investment in Capital Assets, Net of Related Debt	3,433,133	3,513,569
Restricted Net Assets	475,319	575,423
Unrestricted Net Assets	1,608,337	1,688,495
Total Net Assets	5,516,789	5,777,487
Total of Liabilities and Net Assets	$ 6,667,573	$ 6,931,033

See accompanying notes to the financial statements.

HOUSING AUHTORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012 AND 2011

	June-12	June-11
Revenue:		
Tenant Rental Revenue	$ 589,928	$ 580,256
HUD PHA Operating Grants	4,820,075	5,054,574
Fraud Recovery	-	9,351
Other Revenue	959,553	64,580
Total Revenue	6,369,556	5,708,761
Operating Expenses:		
Administrative Expenses	808,273	810,413
Tenant Services	14,054	18,679
Utilities Expense	319,228	424,509
Maintenance Expense	576,995	630,939
Other Operating Expenses	235,927	243,034
Housing Assistance Payments	4,545,624	3,666,332
Depreciation Expense	256,554	259,150
Total Operating Expenses	6,756,655	6,053,056
Excess Expenses Over Revenue From Operations	(387,099)	(344,295)
Nonoperating Revenue (Expenses)		
Investment Income	3,945	11,604
Total Nonoperating Revenue	3,945	11,604
(Deficit) Revenue Before Contributions	(383,154)	(332,691)
Capital Grant Contributions	122,456	246,126
Change in Net Assets	(260,698)	(86,565)
Prior Period Adjustment	-	(2)
Beginning Net Assets	5,777,487	5,864,054
Ending Net Assets	$ 5,516,789	$ 5,777,487

See accompanying notes to the financial statements

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF CASH FLOW
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012 AND 2011

	June-12	June-11
Cash Flow From Operating Activities		
Receipts from Tenants	$ 584,786	$ 589,855
Receipts from Federal Grants	4,700,846	5,219,400
Receipts from Misc. Sources	959,553	94,273
Payments to Vendors and Suppliers	(732,155)	(766,954)
Payments for Housing Assistance Payments	(4,545,624)	(3,666,332)
Payments to Employees	(663,791)	(668,276)
Payment of Employee Benefits	(278,979)	(259,938)
Payment of Utilities Expenses	(319,228)	(388,423)
Net Cash (Used) Provided by Operating Activities	(294,592)	153,605
Cash Flow From Capital and Related Financing Activities		
Receipts from Capital Grants	122,456	246,126
Acquisitions and Construction of Capital Assets	(141,119)	(281,705)
Decrease in Prepaid Financing Costs	2,489	-
Change in Long Term Compensated Absences	3,852	13,658
Accrued Other Post-Employment Benefits (OPEB) Liabilities	82,050	82,051
Principal Payment on Debt	(35,000)	(35,000)
Net Cash Provided by and Related Financing Activities	34,728	25,130
Cash Flow From Investing Activities		
Interest Income	3,945	11,604
Receipts (Payment) in Tenant Security Deposit	(925)	(608)
Receipt (Purchase) of Investment	250,253	(260,391)
Net Cash Provided (Used) by Investing Activities	253,273	(249,395)
Net (Decrease) in Cash and Cash Equivalents	(6,591)	(70,660)
Beginning Cash	1,254,548	1,325,208
Ending Cash	$ 1,247,957	$ 1,254,548
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Excess of Revenue Over Expenses	$ (387,099)	$ (344,295)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense - net of adjustments	256,555	259,150
(Increase) Decrease in:		
Accounts Receivables	(108,817)	175,307
Prepaid Expenses	(2,492)	33,664
Increase (Decrease) in:		
Accounts Payable	(8,392)	8,118
Accrued Liabilities	(17,127)	11,355
Deferred Revenues	(27,220)	33,683
Other Current Liabilities	-	(23,377)
Net Cash (Used) Provided by Operating Activities	$ (294,592)	$ 153,605

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization - The Authority is a non-profit corporation which was organized under the laws 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 Edison in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development 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 is responsible for the development, maintenance, and management of public housing for low and moderate income families residing in the Township of Edison. Operating and modernization subsidies are provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of Edison, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the Township of Edison reporting entity.

Based on the following criteria, the Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in Section 2100 of GASB's Codification of governmental Accounting and Financial Reporting Standards, include whether:

A. The organization is legally separate.
B. The primary government holds the corporate powers of the organization.
C. The primary government appoints a voting majority of the organization's board.
D. The primary government is able to impose its will on the organization.
E. There is fiscal dependency by the organization on the primary government.
F. The organization has potential to impose a financial benefit or burden on the primary government.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

2. Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority. Entities using this method observe all Financial Accounting Standards Board (FASB) Statements and Interpretations in the preparation of financial statements, unless the GASB has specifically addressed the accounting issue in one of its own pronouncements. GASB-20-"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" addresses the applicability of the various FASB's, and allows several options in the use of the FASB's. The Authority has elected to use Alternative 2 of GASB-20 which states that "a proprietary activity may also apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements". Also, the Authority has elected to not follow FASB-106, FASB-112, and FASB-132, which all deal with pension reporting. Instead, the Authority follows GASB-45-"Accounting for Pensions by State and Local Governmental Employers."

New Accounting Standards Adopted

Statement No. 45 of the Government Accounting Standards Board ("GASB 45") *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension* was issued in June 2004. This Statement requires the Authority to account for its "other postemployment benefits"(OPEB) in essentially the same way as it accounts for pension benefits. OPEB include medical, prescription drug, dental, vision, life insurance and disability benefits provided to retirees and certain terminated employees.

This Statement will improve the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service.

A. Basis of Accounting –

The financial statements of the Authority are prepared under the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues and expenses are recognized on the accrual basis, with revenues recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenue and expenses consist of those revenue and expenses that result from ongoing

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

2. A – Basis of Accounting - Continued

principal operations of the Authority. Non-operating revenue and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non exchange transactions or ancillary activities. All assets, liabilities, net assets, revenue, and expenses are accounting for through a single enterprise fund for the primary government.

The major sources of revenue are tenants dwelling rentals, HUD operating subsidy, capital grants, and other revenue.

HUD's rent subsidy program provides housing to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a $50 minimum; it cannot exceed the greater of the following amounts:

(a) 30% of the family's adjusted monthly income,

(b) 10% of the family's monthly income, or

(c) Housing Authority of the Township of Edison's flat rent amount.

Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by June 30, are considered to be accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

HUD operating, capital grants which finance capital and current operations are susceptible to accrual and recognized during the year earned in accordance with applicable HUD program guidelines. The Capital Fund Grant program of the Authority is entitled to receive advances as expenditures are incurred.

HUD Section 8 Housing Choice Voucher Assistance Program receives from HUD an Annual Budget Amount (ABA) during the year in accordance with applicable HUD program guidelines. As of January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net assets. Administrative fee paid by HUD to the Authority in excess of administrative expenses are a part of the undesignated fund balance and are considered to be administrative fee reserves.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

2. A – Basis of Accounting - Continued

Other revenue is income composed primarily of miscellaneous services fees and residents late charges. The revenue is recorded as earned since it is measurable and available.

Non-operating revenue and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non exchange transactions or ancillary activities.

B. Report Presentation –
The financial statements included in this report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America. In accordance with GASB Statement No. 34, the report includes Management's Discussion and Analysis. The Authority has implemented the general provisions of GASB Statement No. 34.

Also the Authority adopted the provisions of Statement No. 37 "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" and Statement No.38 "Certain Financial Statement Note Disclosures" which supplements GASB Statement No. 34.

GASB Statement No. 34 established standards for external financial reporting for all State and Local Governments entities that includes a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flow.

GASB Statement No. 34 requires the classification of net assets into three components, Investment in Capital Assets, Net of Related Debt Restricted Net Assets, and Unrestricted Net Assets.

Net Assets Invested in Capital Assets Net of Related Debt.
The net assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

Restricted Net Assets.
The net assets less that are subject to constraints on their use by creditors, grantors, contributors, legislation, or other governmental laws or regulations.

Unrestricted Net Assets.
The net assets consist of net assets that do not meet the definition of Restricted Net Assets or Invested in Capital Assets, Net of Related Debt.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

2. B. Report Presentation - Continued
The adoptions of Statement No. 34, Statement No. 37, and Statement No. 38 have no significant effect on the financial statements except, for the classification of net assets in accordance with Statement No. 34.

The Enterprise Fund is used for activities which are financed and operated in a manner similar to a private business enterprise where the intent is that the costs (expenses, including depreciation) of providing goods or services to its clients on a continuing basis be financed or recovered primarily through user charges or operating subsidies.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both are which are included as Supplemental information.

Other accounting policies are as follows
1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – Operating subsidies received from HUD are recorded as income when earned.

6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

8 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of accounting Procedure issued after November 30, 1989.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

Other accounting policies - Continued

9 – The Authority does not have any infrastructure assets for its Enterprise Fund.

10 – Inter-fund receivable and payables arise from inter-fund transactions and are recorded by all funds in the period in which the transactions are executed.

11- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

12- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

13- When expenses are incurred where both restricted and unrestricted net assets are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net assets will be used.

C. Budgetary and Policy Control –
The Authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

Budgetary Comparison under GASB No. 34, budgetary comparison information is required to be presented for the Low Rent Housing Program and the Housing Choice Voucher Program which the Board of Commissions has legally adopted the budget during the year. The budgetary comparison schedules have been provided for these programs to demonstrate compliance with the budgets. The comparison of actual results to the Authority's for the Low Income Public Housing Program found on page 44 the Section Eight Housing Choice Voucher Program on page 45.

3. **Activities** - The only programs or activities administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
Public Housing			
Low Rent Housing	14.850	NJ-43	160
Capital Fund	14.872		
CDBG Grant	14.218		
Section 8 Housing			
Housing Choice Vouchers	14.871	NJ-39V0-43	324
Shelter Plus Care	14.238		40

4. **Taxes** - Under federal, state, and local law, the Authority's program are exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority must pay the municipality the lesser of 10% of its net shelter rent or the approximate full real property taxes.

5. **Grants** - The Authority receives reimbursement from various grantors for the cost of sponsored projects, including administrative cost. Grant revenues are recognized as income when earned. Grant expenditures are recognized on the accrual basis.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

6. **Board of Commissioners** - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:

   1. The ability of the Board to exercise supervision of a component unit's financial independence.

   2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.

   3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.

   4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.

   5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

NOTE 2 – ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

NOTE 3 - PENSION PLAN

The Authority participates in the Public Employees Retirement System (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Division of Pensions within the Department of Treasury, State of New Jersey. It is a cost sharing, multiple-employer defined benefit pension plan. The PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system. Membership is mandatory for such employees.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 3 - PENSION PLAN - CONTINUED

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 5% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2012 and 2011 amounted to $55,387 and $53,672.

Post Employment Retirement Benefits

The Authority also provides post employment health care benefits and life insurance to all eligible retirees. Eligibility requires that employees be 55 years or older with at least 25 years of service.

NOTE 4 – CASH, CASH EQUIVALENTS

The Authority's cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment includes cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. 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 the State of New Jersey and HUD requirements.

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/FSLIC 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. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Collateral for Deposits

The New Jersey Government Code requires New Jersey banks and savings and loan associations to be covered by the Governmental Unit Deposit 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 institution's name.

This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. The market value of the pledged securities must equal at least 110% of the Authority's deposits.

The bank balances at June 30, 2012 and 2011 were $1,247,957 and $1,254,548 and investments of $911,922 and $1,162,175, respectively, which were either insured or collateralized with securities held by the pledging financial institutions in the Authority's name as discussed below:

	June-12	June-11
Wells Fargo	943,580	1,193,788
Allegiance	49,436	414,921
Investors Savings	545,523	554,011
Soverign Bank	254,542	253,603
Bayonne Community Bank	366,398	-
Petty Cash	400	400
Total	$ 2,159,879	$ 2,416,723

The Authority's checking accounts are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it. The custodial credit risk categories are described as follows:

	Bank Balances	
Depository Accounts	June-12	June-11
Insured	$ 1,049,437	$ 1,000,000
Collateralized held by pledging bank's trust department in the Authority's name	1,110,442	1,416,723
Total	$ 2,159,879	$ 2,416,723

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 5 – TENANT SECURITY DEPOSIT

At June 30, 2012 and 2011, the Authority has restricted cash in the amount of $49,436 and $50,361, respectively for the tenant security deposits. This amount is held as security deposits for the tenants of the Low Income Housing in an interest bearing account at Allegiance Bank.

NOTE 6 – RESTRICTED CASH

The Authority has total restricted cash in the amount of $475,319 and $575,423 for June 30, 2012 and 2011, respectively, which was accounted for in Note 4. The restricted cash in the amount of $475,319 for 2012 and $575,423 was reported under the Housing Choice Voucher Program as a HAP reserve for future use.

NOTE 7 - ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2012 and 2011 consisted of the following:

	June-12	June-11
Tenants Accounts Receivable - Present	$ 16,693	$ 21,205
Less: Allowance for Doubtful Accounts - Tenants	(8,678)	(4,241)
Net Tenants Accounts Receivable	8,015	16,964
Accounts Receivable - Tenants Fraud	3,796	3,796
Less: Allowance for Doubtful Accounts - Fraud	(380)	(380)
Net Fraud Recovery Receivable	3,416	3,416
Accounts Receivable - HUD	197,998	78,769
Accounts Receivable - CDBG	6,393	7,486
Accrued Interest Income Receivable	216	586
Net Other Receivables	204,607	86,841
Net Accounts Receivables Total	$ 216,038	$ 107,221

The Housing Authority of the Township of Edison carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Authority evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write off's, collections, and current credit conditions. Accounts are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the tenants do not exhibit the ability to meet their obligations.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 8 – PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses at June 30, 2012 and 2011 consisted of prepaid insurance premiums in the amount of $33,625 for 2012 and $31,133 for 2011.

NOTE 9 – INTERFUND ACTIVITY

Interfund activity is reported as short term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenue and expenses. Interfund receivables and payables between funds are eliminated in the Statement of Net Assets.

NOTE 10 - FIXED ASSETS

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated at cost as determined by an appraisal.

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements.

Under the policy, assets purchased or constructed at a cost not exceeding $1,000 are expensed when incurred. Property and equipment are stated at cost. Donated fixed assets are stated at their fair value on the date donated. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

1. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	15 years
4. Building Components	15 years
5. Office Equipment	5 years

The Housing Authority of the Township of Edison has given consideration to the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, (SFAS No. 144) in the preparation of these financial statements. The carrying value of long-live assets in accordance with SFAS No. 144, when indications of an impairment are present, the recoverability of the carrying value of the asset in question are assessed based on the future undiscounted cash flow expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 10 - FIXED ASSETS - CONTINUED

The Authority has not recognized any impairment in the carry value of its fixed assets at June 30, 2012.

Below is a schedule of changes in fixed assets for the twelve months ending June 30, 2012 and 2011:

	June-11	Additions	Transfer	June-12
Land	$ 400,000	$ -	$ -	$ 400,000
Building	9,078,220	13,431	301,798	9,393,449
Furniture, Equipment - Dwelling	255,944	1,985	-	257,929
Furniture, Equipment - Administration	258,515	3,247	-	261,762
Construction in Process	405,653	122,456	(301,798)	226,311
Total Fixed Assets	10,398,332	141,119	-	10,539,451
Accumulated Depreciation	(6,049,763)	(256,555)	-	(6,306,318)
Net Book Value	$ 4,348,569	$ (115,436)	$ -	$ 4,233,133

	June-10	Additions	Transfer	June-12
Land	$ 400,000	$ -	$ -	$ 400,000
Building	9,078,220	-	-	9,078,220
Furniture, Equipment - Dwelling	255,944	-	-	255,944
Furniture, Equipment - Administration	187,935	70,580	-	258,515
Construction in Process	194,528	211,125	-	405,653
Total Fixed Assets	10,116,627	281,705	-	10,398,332
Accumulated Depreciation	(5,793,103)	(256,660)	-	(6,049,763)
Net Book Value	$ 4,323,524	$ 25,045	$ -	$ 4,348,569

NOTE 11– OTHER ASSETS – NON CURRENT

During 2007, the Authority entered into a Capital Fund leveraging pool and incurred underwrites cost at the closing with the Capital Program Revenue Bonds. The leveraging cost is recorded as other assets and amortized over the life of the bond using the straight line method.

	June-12	June-11
Capital Fund Leveraging - Underwriter's Cost	$ 37,347	$ 37,347
Less Amortization - Underwriter's Cost	(12,449)	(9,960)
Net Book Value - Underwriter's Cost	$ 24,898	$ 27,387

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 12 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its balance sheet as of June 30, 2012 and 2011. Accounts payable vendors are amount owing to creditors or generally on open accounts, as a result of delivered goods and completed services. The Authority Accounts payable at June 30, 2012 and 2011 in the amount of $69,059 and $77,451, respectively consist of the following:

	June-12	June-11
Accounts Payable Vendors	$ -	$ 31,415
Accounts Payable - Other Government	69,059	46,036
Total Accounts Payable	$ 69,059	$ 77,451

NOTE 13 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)

Under Federal, State and local law, the Authority's programs are exempt form income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Township of Edison. Under the Cooperation Agreements, the Authority must pay the municipality the littlest of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended June 30, 2012 and 2011, PILOT expense of $23,023 and $15,140, respectively, was accrued. PILOT payable at June 30, 2012 and 2011 consist of the following years:

PILOT Expense for June 30, 2009	$ 14,046
PILOT Expense for June 30, 2010	16,850
PILOT Expense for June 30, 2011	15,140
Total PILOT Payable June 30, 2011	46,036
PILOT Expense for June 30, 2012	23,023
Total PILOT Payable June 30, 2012	$ 69,059

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 14 - ACCRUED EXPENSES

At June 30, 2012 The Authority reported accrued expenses on its balance sheet in the amount of $28,326 and $45,453 for June 30, 2011. Accrued expenses are liabilities covering expenses incurred on or before June 30, and are payable at some future date. Accrued liabilities at June 30, 2012 and 2011 consist of the following:

	June-12	June-11
Compensated Absences - Current Portion	$ 3,491	$ 3,063
Accrued Expenses - Wages	-	35,785
Accrued Expenses - Utilities	4,506	-
Accrued Expenses - Various Vendors	13,956	-
Accrued Interest Payable	6,373	6,605
Total Accrued Liabilities	$ 28,326	$ 45,453

NOTE 15 - ACCRUED COMPENSATED ABSENCES

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered. Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of retirement, an employee is compensated for one for two unused sick days up to a maximum of $15,000 under the Authority's current personnel policy. Generally, unused vacation may be carried over for a one year period. In the event of separation from the Authority, the employee is eligible for compensation of up to one year plus any time earned in the year of separation.

The Authority has determined that the potential liability for accumulated vacation and sick time at June 30, 2012 and 2011 as follows:

	June-12	June-11
Accumulated Sick Time	$ 10,737	$ 8,485
Accumulated Vacation Time	21,701	19,976
Accrued Payroll Taxes	2,480	2,177
Total	34,918	30,638
Compensated Absences - Current Portion	(3,491)	(3,063)
Total Compensated Absences - Noncurrent	$ 31,427	$ 27,575

The Authority's management estimated that ten percent (10%) is a reasonable amount for the current portion of accrued compensated absences.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 16 – DEFERRED REVENUE

The Authority reported deferred revenues on its balance sheet. Deferred revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized. The deferred revenue for June 30, 2012 and 2011 is $8,435 and $35,655, respectfully, which represents prepaid rents for the month of July 2012 and prepaid rents and HUD operating subsidy for the month of July 2011.

NOTE 17 – LONG TERM DEBT

At June 30, 1999, the Authority's Long Term Debt (guaranteed by HUD), in accordance with HUD's GAAP Conversion Guide, the Long Term Debt and related debt service accounts were written off.

GASB Interpretation No. 2, "Disclosure of Conduit Debt Obligations," provided guidance as to the proper GAAP treatment of this HUD-guaranteed debt. The debt transactions between the Authority and HUD are similar to conduit debt obligations, which are "certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by the state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer" financial reporting entity.

The transaction between the Authority and HUD is similar to HUD giving funds to the Authority to operate and the funds are a capital contribution. HUD has essentially made an investment in the Authority. Therefore, the liability was reclassified as a capital contribution. Since HUD is paying the obligations directly, the outstanding Long Term Debt balance at June 30, 2012 and 2011 could not be readily determined.

NOTE 18 – LONG TERM DEBT – STATE LEVERAGING CAPITAL PROJECT BOND

The Authority participated on August 2, 2007 with other New Jersey Housing Authorities in the issuance of $18,585,000 in Series 2007 HMFA Bonds. The Authority portion of the Series 2007 HMFA Bonds is $990,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Low Income Housing Program. The Bonds are fully registered in denominations of $5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2027.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 18 – LONG TERM DEBT – STATE LEVERAGING CAPITAL PROJECT BOND - CONTINUED

The faith and credit of the Housing Authority of the Township of Edison was not pledged for payment of principal and interest on the Bonds. Additionally, the Bonds are not an obligation of the State of New Jersey, The United States, or the Housing and Urban Development (HUD). The Bonds are not secured directly or indirectly by any collateral in the Authority Low Income Housing Program.

Interest on the Bonds is payable on May 1 and November 1 commencing on May 1, 2008. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month.

The Bonds are payable and secured by the Authority Capital Fund Program (CFP), which is subject to the availability of appropriations, and paid to the Authority by HUD.

Under the Bond Agreement, the Authority is required to maintain a Debt Service Reserve Fund located at the Wells Fargo Bank, an amount equal to the debt service reserve fund requirement. If at any time, the amount on deposit in the debt service reserve fund is insufficient to pay the principal and interest when due, the Trustee is authorized to withdraw the amount due from the reserve fund.

The Authority is required to obligate the funds within two years from the date of August 4, 2007 and expend the full amount within four years ending on August 4, 2011 or be subject to recapture.

The interest paid on the Bonds thru June 30, 2010 was $109,879 which will be capitalized under construction in process cost. The interest payable for November 1, 2012 is $19,118 and May 1, 2013 is $19,118.

The debt requirements as to principal reduction of the mortgages for long term debt until exhausted are as follows:

June 30, 2013	$	35,000
June 30, 2014		40,000
June 30, 2015		40,000
June 30, 2016		40,000
June 30, 2017		45,000
Sub Total		200,000
Next Five Years Ending June 30, 2022		260,000
Till Maturity June, 2027		340,000
Total Capital Project Bonds	$	800,000

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 19 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Authority's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of employer ("ARC") , an amount actuarially determined in accordance with parameters of GASB Statement No. 45 . The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

	June-12	June-11
Annual Required Contribution	$ 55,695	$ 55,695
Amortization of Initial Unfunded Accrued Liability	26,355	26,356
Annual OPEB cost (expense)	82,050	82,051
Contributions made	-	-
Increase in net OPEB obligation	82,050	82,051
Net OPEB Obligation – beginning of year	82,051	-
Net OPEB Obligation – end of year	$ 164,101	$ 82,051

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2012 fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June-10	N/A	N/A	N/A
June-11	$ 82,051	0%	$ 82,051
June-12	$ 82,050	0%	$ 164,101

FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2010, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was $753,063, and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $753,063.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 19 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION – CONTINUED

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

EFFECT OF A 1% CHANGE IN HEALTHCARE TREND RATES

In the event of that healthcare trend rates were 1% percent higher than forecast and employee contributions were to increase at the forecast rates, the Actuarial Accrued Liability would increase to $935,155 or by 24% percent and the corresponding Normal Cost would increase to $73,185 or by 31% percent.

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

- Actuarial Cost Method — Projected Unit Credit
- Investment Rate of Return — 5.00% per annum
- Healthcare Trend Rates:

	Year	Pre - 65	Post - 65
Initial Trend	July-05	10.00%	10.00%
Ultimate Trend	2017 or Later	5.00%	5.00%
Grading per Year		1.00%	1.00%

- Actuarial Value of Assets: Market Value
- Amortization of UAAL: Amortized as level dollar amount over 30 years at transition
- Remaining Amortization Period: 30 years at July 1, 2010

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 19 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION – CONTINUED

Reconciliation of Plan Participation (As of July 1, 2011) Active Employees:

	June-12
Number of Active Employees	11
Average Age - Actives	50.5
Average Years of Service - Actives	12.6
Average Expected Future Working Life	10.9
Number of Retired Employees	0
Average Age - Retirees	0
Actives Eligible for Benefits	2

NOTE 20 – RESTRICTED NET ASSETS

The Authority Restricted Net Assets account balance at June 30, 2012 is $475,319, of which represents the Housing Choice Voucher HAP reserves. The detail of the HAP reserve account balances is as follows:

	HAP Reserves
Pre - January 1, 2005	$ -
Increase During 6-30-2005 Year	-
Increase During 6-30-2006 Year	842,568
Increase During 6-30-2007 Year	268,569
Increase During 6-30-2008 Year	41,540
Decrease During 6-30-2009 Year	(443,464)
Decrease During 6-30-2010 Year	(192,591)
Increase During 6-30-2011 Year	58,801
Decrease During 6-30-2012 Year	(100,104)
Balance June 30, 2012	$ 475,319

Housing Choice Voucher Program - Reserves

Prior to January 1, 2005 excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority's calendar year. In accordance with HUD's PIH Notice 2007-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the reserve fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net assets.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 21 – UNRESTRICTED NET ASSETS

The Authority Unrestricted Net Assets account balance at June 30, 2012 and 2011 is $1,608,337 and $1,688,495, respectively. The detail of the account balance is as follows:

	LIH Program Reserves	HCV Reserve	COCC Center	Business Activities	Shelter Care Plus	Total
Balance June 30, 2010	$ 474,373	$ 203,402	$ 199,997	$ 1,016,136	$ -	$ 1,893,908
Increase During the Year	-	-	-	8,407	-	8,407
Decrease During the Year	(42,819)	(142,944)	(28,057)	-	-	(213,820)
Balance June 30, 2011	431,554	60,458	171,940	1,024,543	-	1,688,495
Increase During the Year	7,878	-	14,544	-	-	22,422
Decrease During the Year	-	(57,586)	-	(22,458)	(22,536)	(102,580)
Balance June 30, 2012	$ 439,432	$ 2,872	$ 186,484	$ 1,002,085	$ (22,536)	$ 1,608,337

Housing Choice Voucher Program - Reserves

Administrative fee paid by HUD to the Authority in excess of administrative expenses are also part of the undesignated fund balance and are considered to be administrative fee reserves. Administrative fee reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR 982.155 – i.e. other housing purposes permitted by state and local law. Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 21 – UNRESTRICTED NET ASSETS - CONTINUED

	Pre 2004 Unrestricted Reserves	Post 2003 Unrestricted Reserves	Total Unrestricted Reserves
Balance 6/30/2004	$ 100,592		$ 100,592
Net Admin. Fee Operating Income for the year ended 6/30/2005	-	87,917	87,917
Balance 6/30/2005	100,592	87,917	188,509
Net Admin. Fee Operating Income for the year ended 6/30/2006	-	159,422	159,422
Balance 6/30/2006	100,592	247,339	347,931
Net Admin. Fee Operating Income for the year ended 6/30/2007	-	(35,072)	(35,072)
Balance 6/30/2007	100,592	212,267	312,859
Net Admin. Fee Operating Income for the year ended 6/30/2008	-	(21,986)	(21,986)
Balance 6/30/2008	100,592	190,281	290,873
Net Admin. Fee Operating Income for the year ended 6/30/2009	-	(3,318)	(3,318)
Balance 6/30/2009	100,592	186,963	287,555
Net Admin. Fee Operating Income for the year ended 6/30/2010	-	(84,153)	(84,153)
Balance 6/30/2010	100,592	102,810	203,402
Net Admin. Fee Operating Income/(Expense) for the year ended 6/30/2011		(86,480)	(86,480)
Balance 6/30/2011	100,592	16,330	116,922
Net Admin. Fee Operating Income/(Expense) for the year ended 6/30/2012	(55,372)	(16,330)	(71,702)
Balance 6/30/2012	$ 45,220	$ -	$ 45,220

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 22 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended June 30, 2012, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of all its buildings for the purpose of determining potential liability issues. During the year ended June 30, 2012, the Authority did not reduce insurance coverage's from coverage levels in place as of June 30, 2011. No settlements have exceeded coverage levels in place during 2010, 2011, and 2012.

The Authority participates in the New Jersey Public housing Authority Joint Insurance Fund (NJPHA –JIF), which was established in 1998 by several Housing Authority's as a means of reducing the cost of general liability insurance. The NJ-PHA JIF is a public entity risk pool currently operating as a common risk management and insurance program for the member Authority's. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit.

No settlement has exceeded coverage since establishment of the Consortium. In 2000 NJPHA –JIF added statutory worker's compensation coverage. For the fiscal year ended June 30, 2012 and 2011 the Authority paid $66,646 and $62,264 respectively, to NJPHA –JIF for property, general liability, public employee bond, public officials bond, auto coverage, excess liability, commercial package, and worker's compensation protection. Since the Consortium requests initial payments to cover substantially any losses to be incurred for that policy year, the Authority anticipates no future liabilities for incurred losses.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 23 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Pursuant to the Annual Contribution Contract, HUD makes annual debt service contributions to the Authority for each permanently financed project in the amount equal to the debt service on its bonds, plus, if necessary, an amount to fully amortize the Authority's indebtedness represented by permanent notes or project notes. Accrued HUD contributions for the year ended June 30, 2012 and 2011 were $ - 0 -.

HUD also contributes an additional operating subsidy approved in the operating budget under the Annual Contribution Contract. Additional operating subsidy contributions for the year ended June 30, 2012 and 2011 were $804,280 and $862,247, respectively.

Annual Contributions Contracts for the Section 8 housing choice program provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The programs provide for such payment with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. The authority is also eligible to receive reimbursement for preliminary expenses prior to lease up. HUD contributions for the Housing Choice Voucher for June 30, 2012 and 2011 were $3,581,767 and $3,833,603, respectively.

NOTE 24 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority operations are concentrated in the low income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD was $4,942,531 for the fiscal year ending June 30, 2012 and $5,300,700 for 2011.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2012

NOTE 25 - CONTINGENCIES

Litigation – At June 30, 2012, the Authority was not involved in any threatened litigation.

Grants Disallowances – The Authority participates in federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits performed by the federal government could lead to adjustments for disallowed claims, including amounts already collected, and reimbursement by the Authority for expenditures disallowed under the terms of the grant. The Authority's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 26 – SUBSEQUENT EVENTS

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru December 13, 2012; the date which the financial statements were available for issue 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.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012

Programs funded by the U.S. Department of Housing and Urban Development: Subject to Annual Contribution Contract

	CFDA#	Expenditures
PHA Owned Housing		
Low Rent Public Housing	14.850	$ 804,280
Community Development Block Grant	14.218	12,900
Public Housing Capital Fund Program	14.872	216,017
Subtotal		1,033,197
Rental Assistance Housing Programs		
Housing Choice Vouchers	14.871	3,581,767
Shelter Plus Care	14.238	327,567
Subtotal		3,909,334
Total Awards		$ 4,942,531

Note 1. Presentation:
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority of the Township of Edison for the year ended June 30, 2012. The information in this Schedule is presented in accordance with those requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Housing Authority of the Township of Edison, it is not intended to and does not present the financial position, change in net assets, or cash flow of the Housing Authority of the Township of Edison.

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 cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowed or limited as to reimbursement.

Note 3. Loans Outstanding:
Housing Authority of the Township of Edison had Capital Project Bonds payable in the amount of $800,000 outstanding at June 30, 2012. See Note 18 on page 34 of this report for full detail.

Note 4. Sub recipients:
Of the federal expenditures presented in the schedule above, The Housing Authority of the Township of Edison did not provide federal awards to any sub recipients.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
BUDGETARY COMPARISON SCHEDULE
LOW RENT PUBLIC HOUSING PROGRAM
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
Revenue:			
Tenant Rental Revenue	$ 589,928	$ 590,000	$ (72)
HUD PHA Operating Grants	897,841	845,264	52,577
Other Revenue	14,106	18,555	(4,449)
Total Revenue	1,501,875	1,453,819	48,056
Operating Expenses:			
Administration:	66,161	219,878	153,717
Administrative Salaries	136,632	-	(136,632)
Management Fee	5,191	6,000	809
Audit Fee's	33,362	118,660	85,298
Employee Benefit Contributions	66,898	143,338	76,440
Other Operating Administrative Expenses	308,244	487,876	179,632
Total Administrative Expenses			
Tenant Services:	19,200	-	(19,200)
Asset Management Fee	1,154	-	(1,154)
Tenant Services Other	20,354	-	(20,354)
Total Tenant Services			
Utilities:	89,338	91,000	1,662
Water	54,150	51,000	(3,150)
Electricity	145,429	223,260	77,831
Gas	-	23,415	23,415
Labor	-	11,637	11,637
Employee Benefit Contributions	30,311	49,088	18,777
Sewer	319,228	449,400	130,172
Total Utilities			
Maintenance:	239,777	198,309	(41,468)
Maintenance Labor	43,432	54,000	10,568
Materials	173,006	102,500	(70,506)
Maintenance Contract Cost	120,780	98,559	(22,221)
Employee Benefit Contributions	576,995	453,368	(123,627)
Total Maintenance			
Other Operating Expenses:	56,075	55,686	(389)
Insurance	23,023	-	(23,023)
Payment in Lieu of Taxes	26,278	6,400	(19,878)
Bad Debt Expense	7,377	-	(7,377)
Other General Expenses	59,076	-	(59,076)
Severance Expense	43,685	-	(43,685)
Interest Expense	215,514	62,086	(153,428)
Total Other Operating Expenses			
Total Operating Expenses	1,440,335	1,452,730	12,395
Excess Revenue Over Expenses From Operations	61,540	1,089	60,451
Other Income and (Expenses):			
Required Annual Debt Principal Payment	(35,000)	-	(35,000)
Purchase of Equipment	(18,662)	-	(18,662)
Total Other Income and (Expenses)	(53,662)	-	(53,662)
Excess Revenue over Expenses	$ 7,878	$ 1,089	$ 6,789

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
BUDGETARY COMPARISON SCHEDULE
HOUSING CHOICE VOUCHER PROGRAM
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
Revenue - Annual Contribution Required			
Housing Assistance Payments	$ 3,265,684	$ 3,450,000	$ (184,316)
Ongoing Administrative Fees Earned	316,083	336,071	(19,988)
Other Income	945,447	461,300	484,147
Total Revenue	4,527,214	4,247,371	279,843
Operating Expenses:			
Administration:			
Administrative Salaries	177,230	134,722	(42,508)
Audit Fee's	-	5,500	5,500
Employee Benefit Contributions	71,948	58,313	(13,635)
Other Operating Administrative Expenses	217,385	75,000	(142,385)
Total Administrative Expenses	466,563	273,535	(193,028)
Other Operating Expenses:			
Other General Expenses	309	6,571	6,262
Housing Assistance Payments	4,218,057	3,885,000	(333,057)
Total Other Operating Expenses	4,218,366	3,891,571	(326,795)
Total Operating Expenses	4,684,929	4,165,106	(519,823)
Excess Revenue Over Expenses From Operations	(157,715)	82,265	(239,980)
Other Income and (Expenses):			
Investment Income	25	-	25
Transfer Out	-	(80,000)	80,000
Transfer From Restricted	100,104	-	100,104
Total Other Income and (Expenses)	100,129	(80,000)	25
Excess Revenue over Expenses	$ (57,586)	$ 2,265	$ (59,851)

See accompnaying notes to the financial statements.

Edison Housing Authority (NJ043)
Edison, NJ
Entity Wide Balance Sheet Summary

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

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.238 Shelter Plus Care	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$470,224	$59,677	$100,169	$7,028		$86,084	$723,202		$723,202
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted	$0	$475,319					$475,319		$475,319
114 Cash - Tenant Security Deposits	$49,436						$49,436		$49,436
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	$519,660	$534,996	$100,169	$7,028	$0	$86,084	$1,247,957	$0	$1,247,957
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	$94,811			$103,187			$197,998		$197,998
124 Accounts Receivable - Other Government					$6,393		$6,393		$6,393
125 Accounts Receivable - Miscellaneous									
126 Accounts Receivable - Tenants	$16,693						$16,693		$16,693
126.1 Allowance for Doubtful Accounts -Tenants	-$8,678						-$8,678		-$8,678
126.2 Allowance for Doubtful Accounts - Other	$0			$0	$0		$0		$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery		$3,795					$3,795		$3,795
128.1 Allowance for Doubtful Accounts - Fraud		-$360					-$360		-$360
129 Accrued Interest Receivable			$216				$216		$216
120 Total Receivables, Net of Allowances for Doubtful Accounts	$102,826	$3,416	$216	$103,187	$6,393	$0	$216,038	$0	$216,038
			$911,922				$911,922		$911,922
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability						$3,344	$33,625		$33,625
142 Prepaid Expenses and Other Assets	$30,281								
143 Inventories									
143.1 Allowance for Obsolete Inventories						$149,386	$149,386	-$149,386	$0
144 Inter Program Due From									
145 Assets Held for Sale									
150 Total Current Assets	$652,767	$538,412	$1,012,327	$110,215	$6,393	$238,814	$2,558,928	-$149,386	$2,409,542
161 Land	$400,000						$400,000		$400,000
162 Buildings	$9,393,449						$9,393,449		$9,393,449
163 Furniture, Equipment & Machinery - Dwellings	$257,929						$257,929		$257,929
164 Furniture, Equipment & Machinery - Administration	$147,342	$70,580				$43,840	$261,762		$261,762
165 Leasehold Improvements									
166 Accumulated Depreciation	-$6,234,246	-$28,232				-$43,840	-$6,306,318		-$6,306,318
167 Construction in Progress	$226,311						$226,311		$226,311
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	$4,190,785	$42,348	$0	$0	$0	$0	$4,233,133	$0	$4,233,133

See accompanying notes to the financial statements

Edison Housing Authority (NJ043)
Edison, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.238 Shelter Plus Care	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current							$24,899		$24,899
174 Other Assets	$24,899								
176 Investments in Joint Ventures									
180 Total Non-Current Assets	$4,215,663	$42,349	$0	$0	$0	$0	$4,258,031	$0	$4,258,031
190 Total Assets	$4,866,450	$560,760	$1,012,327	$110,215	$6,393	$238,814	$6,816,959	-$149,386	$6,667,573
311 Bank Overdraft									
312 Accounts Payable <= 90 Days									
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable									
322 Accrued Compensated Absences - Current Portion	$1,570	$701				$1,220	$3,491		$3,491
324 Accrued Contingency Liability									
325 Accrued Interest Payable	$6,373						$6,373		$6,373
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	$69,059						$69,059		$69,059
341 Tenant Security Deposits	$49,436						$49,436		$49,436
342 Deferred Revenues	$8,435						$8,435		$8,435
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	$35,000						$35,000		$35,000
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities	$6,778						$6,778		$6,778
346 Accrued Liabilities - Other	$7,230					$4,454	$11,684		$11,684
347 Inter Program - Due To	$0		$10,242	$132,751	$6,393		$149,386	-$149,386	$0
348 Loan Liability - Current									
310 Total Current Liabilities	$183,681	$701	$10,242	$132,751	$6,393	$5,674	$339,642	-$149,386	$190,256
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$765,000						$765,000		$765,000
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	$14,130	$6,313				$10,984	$31,427		$31,427
354 Accrued Compensated Absences - Non Current									
355 Loan Liability - Non Current									
356 FASB 5 Liabilities	$75,222	$53,207				$35,672	$164,101		$164,101
357 Accrued Pension and OPEB Liabilities	$564,352	$59,520	$0	$0	$0	$46,656	$960,528	$0	$960,528
350 Total Non-Current Liabilities									

See accompanying notes to the financial statements

Edison Housing Authority (NJ043)
Edison, NJ
Entity Wide Balance Sheet Summary

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

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.238 Shelter Plus Care	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
300 Total Liabilities	$1,035,233	$60,221	$10,242	$132,751	$6,393	$52,330	$1,300,170	-$149,386	$1,150,784
508.1 Invested in Capital Assets, Net of Related Debt	$3,390,785	$42,348					$3,433,133		$3,433,133
511.1 Restricted Net Assets	$0	$475,319					$475,319		$475,319
512.1 Unrestricted Net Assets	$439,432	$2,872	$1,002,085	-$22,536	$0	$186,434	$1,608,337		$1,608,337
513 Total Equity/Net Assets	$3,830,217	$520,539	$1,002,085	-$22,536	$0	$186,434	$5,516,789	$0	$5,516,789
600 Total Liabilities and Equity/Net Assets	$4,668,450	$580,760	$1,012,327	$110,215	$6,393	$238,814	$6,816,959	-$149,386	$6,667,573

See accompanying notes to the financial statements

DEC-23-2013 MON 10:05 AM Edison Housing Authority FAX NO. 9085617517 P. 48/61

Edison Housing Authority (NJ043)
Edison, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.238 Shelter Plus Care	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$561,591						$561,591		$561,591
70400 Tenant Revenue - Other	$8,337						$8,337		$8,337
70500 Total Tenant Revenue	$589,928	$0	$0	$0	$0	$0	$589,928	$0	$589,928
70600 HUD PHA Operating Grants	$697,641	$3,581,767		$327,567	$12,900		$4,820,075		$4,820,075
70610 Capital Grants	$122,456						$122,456		$122,456
70710 Management Fee						$208,580	$208,580	-$208,580	$0
70720 Asset Management Fee						$19,200	$19,200	-$19,200	$0
70730 Book Keeping Fee						$43,523	$43,523	-$43,523	$0
70740 Front Line Service Fee									
70750 Other Fees						$271,303	$271,303	-$271,303	$0
70700 Total Fee Revenue									
70800 Other Government Grants						$0	$3,945		$3,945
71100 Investment Income - Unrestricted		$25	$3,920						
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery									
71500 Other Revenue	$14,106	$945,447					$959,553		$959,553
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	$1,624,331	$4,527,239	$3,920	$327,567	$12,900	$271,303	$6,767,260	-$271,303	$6,495,957
91100 Administrative Salaries	$66,161	$177,230	$10,454	$17,335		$139,934	$411,114		$411,114
91200 Auditing Fees	$5,191					$576	$5,767		$5,767
91300 Management Fee	$136,632	$71,948					$206,580	-$206,580	$0
91310 Book-keeping Fee	$14,370	$29,153					$43,523	-$43,523	$0
91400 Advertising and Marketing									
91500 Employee Benefit contributions - Administrative	$33,362	$77,227	$3,708	$5,201		$36,701	$158,199		$158,199
91600 Office Expenses	$16,341	$13,435	$6,643			$31,290	$67,709		$67,709
91700 Legal Expense	$11,146	$0	$5,573			$14,045	$30,764		$30,764
91800 Travel	$1,408	$3,842				$3,543	$8,793		$8,793
91810 Allocated Overhead									
91900 Other	$23,633	$93,728				$8,566	$125,927		$125,927
91000 Total Operating - Administrative	$308,244	$466,563	$26,378	$22,536	$0	$236,655	$1,060,376	-$252,103	$808,273
92000 Asset Management Fee	$19,200						$19,200	-$19,200	$0
92100 Tenant Services - Salaries					$12,900		$12,900		$12,900

See accompanying notes to the financial statements

Hunyadi, Farnes and Giampaolo

Edison Housing Authority (NJ043)
Edison, NJ
Entity Wide Revenue and Expense Summary

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

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.236 Shelter Plus Care	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services							$1,154		$1,154
92400 Tenant Services - Other	$1,154						$14,054	$0	$14,054
92500 Total Tenant Services	$1,154	$0	$0	$0	$12,900	$0			
							$89,336		$89,336
93100 Water	$89,336						$54,150		$54,150
93200 Electricity	$54,150						$145,429		$145,429
93300 Gas	$145,429								
93400 Fuel									
93500 Labor							$30,311		$30,311
93600 Sewer	$30,311								
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense							$319,228	$0	$319,228
93000 Total Utilities	$319,228	$0	$0	$0	$0	$0			
							$239,777		$239,777
94100 Ordinary Maintenance and Operations - Labor	$239,777						$43,432		$43,432
94200 Ordinary Maintenance and Operations - Materials and Other	$43,432						$173,006		$173,006
94300 Ordinary Maintenance and Operations Contracts	$173,006						$120,780		$120,780
94500 Employee Benefit Contributions - Ordinary Maintenance	$120,780						$576,995	$0	$576,995
94000 Total Maintenance	$576,995	$0	$0	$0	$0	$0			
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services							$0	$0	$0
95000 Total Protective Services	$0	$0	$0	$0	$0	$0			
96110 Property Insurance									
96120 Liability Insurance									
96130 Workmen's Compensation						$8,001	$64,076		$64,076
96140 All Other Insurance	$56,075					$8,001	$64,076	$0	$64,076
96100 Total Insurance Premiums	$56,075	$0	$0	$0	$0				
96200 Other General Expenses							$7,686		$7,686
96210 Compensated Absences	$7,377	$309					$23,023		$23,023
96300 Payments in Lieu of Taxes	$23,023						$26,278		$26,278
96400 Bad debt - Tenant Rents	$26,278								
96500 Bad debt - Mortgages						$5,539	$5,539		$5,539
96600 Bad debt - Other									

See accompanying notes to the financial statements

DEC-23-2013 MON 10:06 AM Edison Housing Authority FAX NO. 9085617517 P. 50/61

Edison Housing Authority (NJ043)
Edison, NJ
Entity Wide Revenue and Expense Summary

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

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.238 Shelter Plus Care	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
96800 Severance Expense	$59,076					$6,564	$65,640		$65,640
96900 Total Other General Expenses	$115,754	$309	$0	$0	$0	$12,103	$128,166	$0	$128,166
96710 Interest of Mortgage (or Bonds) Payable	$39,402						$39,402		$39,402
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs	$4,263						$4,263		$4,263
96700 Total Interest Expense and Amortization Cost	$43,665	$0	$0	$0	$0	$0	$43,665	$0	$43,665
96900 Total Operating Expenses	$1,440,335	$466,872	$26,378	$22,536	$12,900	$256,759	$2,225,780	-$271,303	$1,954,477
97000 Excess of Operating Revenue over Operating Expenses	$183,996	$4,060,367	-$22,458	$305,031	$0	$14,544	$4,541,480	$0	$4,541,480
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized		$3,321,740		$327,567			$3,649,307		$3,649,307
97300 Housing Assistance Payments		$696,317					$696,317		$696,317
97350 HAP Portability-In	$242,438	$14,116					$256,554		$256,554
97400 Depreciation Expense									
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	$1,682,773	$4,699,045	$26,378	$350,103	$12,900	$256,759	$7,027,958	-$271,303	$6,756,655
10010 Operating Transfer In	$83,561						$83,561	-$83,561	$0
10020 Operating transfer Out	-$83,561			$0			-$83,561	$83,561	$0
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out	$0	$0	$0	$0	$0	$0	$0	$0	$0
10100 Total Other financing Sources (Uses)									
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$58,442	-$171,805	-$22,458	-$22,536	$0	$14,544	-$260,696	$0	-$260,696

See accompanying notes to the financial statements

DEC-23-2013 MON 10:06 AM Edison Housing Authority FAX NO. 9085617517 P. 51/61

Edison Housing Authority (NJ043)
Edison, NJ
Entity Wide Revenue and Expense Summary

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

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	14.239 Shelter Plus Care	14.218 Community Development Block Grants/Entitlement Grants	CDCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	$35,000	$0	$0	$0	$0	$0	$35,000		$35,000
11030 Beginning Equity	$3,888,659	$892,345	$1,024,543	$0	$0	$171,940	$5,777,487		$5,777,487
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors									
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other		$45,220					$45,220		$45,220
11170 Administrative Fee Equity		$475,319					$475,319		$475,319
11180 Housing Assistance Payments Equity	1920	3887		460			6287		6287
11190 Unit Months Available	1912	3887		419			6218		6218
11210 Number of Unit Months Leased	$319,411						$319,411		$319,411
11270 Excess Cash	$0					$0	$0		$0
11610 Land Purchases	$0					$0	$0		$0
11620 Building Purchases	$9,375					$0	$9,375		$9,375
11630 Furniture & Equipment - Dwelling Purchases	$0					$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$113,061					$0	$113,061		$113,061
11650 Leasehold Improvements Purchases	$0					$0	$0		$0
11660 Infrastructure Purchases	$76,561					$0	$76,561		$76,561
13510 CFFP Debt Service Payments	$0					$0	$0		$0
13901 Replacement Housing Factor Funds									

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2012

	NY36PO43501-09		
	Approved Budget	Actual Cost	Overrun
Operations	$ 7,000	$ 7,000	$ -
Management Improvements	7,500	7,500	-
Administration	10,000	10,000	-
Fee's & Cost	16,000	16,000	-
Site Improvements	3,000	3,000	-
Dwelling Structures	102,527	102,527	-
Dwelling Equipment	5,000	5,000	-
Non-Dwelling Equipment	7,500	7,500	-
Bond Debt Obligation	78,653	78,653	-
Total	$ 237,180	$ 237,180	$ -

Funds Advanced	$ 237,180
Funds Expended	237,180
Excess of Funds Advanced	$ -

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.

2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.

3. The Capital Fund Program 501-09 was completed on August 7, 2012.

4. There were no budget overruns noted.

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT AND CERTIFICATION OF
ACTUAL FORMULA CAPITAL FUND STIMULUS GRANT COSTS
AS OF JUNE 30, 2012

	NJ39S043501-09		
	Approved Budget	Actual Cost	Overrun
Dwelling Structures	$ 281,798	$ 281,798	$ -
Fee's & Cost	20,000	20,000	-
Total	$ 301,798	$ 301,798	$ -
Funds Advanced	$ 301,798		
Funds Expended	301,798		
Excess of Funds Advanced	$ -		

1. The distribution of cost by project and account classification accompanying the Actual Formula Capital Fund Stimulus Grant Certificates submitted to HUD for approval were in agreement with the Authority's records.

2. All Formula Capital Fund Stimulus Grant costs have been paid and all related liabilities have been discharged through payment.

3. The Formula Capital Fund Stimulus Grant 501-09 was completed on March 4,2011.

4. There were no budget overruns noted.

See accompanying notes to the financial statements.

Hymanson, Parnes & Giampaolo
Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS
(No Reportable Instances of Noncompliance and No Material Weaknesses)

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

We have audited the financial statements of the Housing Authority of the Township of Edison as of and for the year ended June 30, 2012 , which collectively comprise the Housing Authority of the Township of Edison's basic financial statements and have issued our report thereon dated December 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting
Management of the Housing Authority of the Township of Edison is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Housing Authority of the Township of Edison internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Housing Authority of the Township of Edison's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, United States Department of Housing and Development, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hymanson, Parnes & Giampaolo

Date: December 13, 2012

Hymanson, Parnes & Giampaolo
Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

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

(Unqualified Opinion on Compliance, No Material Weaknesses or Significant Deficiencies in Internal Control Over Compliance Identified)

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

Compliance

We have audited the compliance of the Housing Authority of the Township of Edison 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 the Housing Authority of the Township of Edison major federal programs for the year ended June 30, 2012. The Housing Authority of the Township of Edison's major federal programs are identified in the summary of the auditors result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the Township of Edison's management. Our responsibility is to express an opinion on the Housing Authority of the Township of Edison's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and the U.S. Office of Management and Budgets Circular A-133. Those standards and OMB Circular A-133 required 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 major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the Township of Edison's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of the Township of Edison's compliance with those requirements.

In our opinion, the Housing Authority of the Township of Edison complied, in all material respects, with the compliance requirements referred to the above that could have a direct and material effect on each of its major federal program identified in the accompanying schedule of findings and questioned cost for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

The management of the Housing Authority of the Township of Edison is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the Township of Edison's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Township of Edison's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the audit committee, management, United States Department of Housing and Development, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hymanson, Parnes & Giampaolo

Date: December 13, 2012

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Schedule of Findings and Questioned Cost
Year Ended June 30, 2012

Prior Audit Findings
None reported

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statement of the Housing Authority of the Township of Edison.

2. No significant deficiencies relating to the audit of the financial statements are reported in the REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS.

3. No instances of noncompliance material to the financial statements of the Housing Authority of the Township of Edison were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.

5. The auditor's report on compliance for the Housing Choice Vouchers program expresses an Unqualified opinion.

6. No Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this Schedule.

7. The program tested as major program were:
   a. Housing Choice Vouchers Program, CFDA#14.871 with expenditures of $3,581,767

8. The threshold used for distinguishing between Type A and B programs was $300,000.

9. The Housing Authority of the Township of Edison qualifies as a low risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT
None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT
None reported

HPG

Hymanson, Parnes & Giampaolo
Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

Independent Accountant's Report on Agreed-Upon Procedures

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the Township of Edison and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents. This agree-upon procedures engagement was performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart.

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* for the Housing Authority as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 13, 2012. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Financial Data Schedule (FDS) dated June 30, 2012, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the reporting package required by OMB Circular A-133, which includes the auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Housing Authority of the Township of Edison and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Hymanson, Parnes & Giampaolo

Date: December 13, 2012

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule,all CFDAs	◉	○
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	◉	○
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	◉	○
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	◉	○
5	General information (data element series G2000,G2100,G2200,G9000,G9100)	OMB Data Collection Form*	◉	○
6	Financial statement report information (data element G3000-010	Schedule of Findings and Questioned costs,Part 1 and OMB Data Collection Form*	◉	○
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs,Part 1 and OMB Data Collection Form*	◉	○
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form*	◉	○
9	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	◉	○

Firm Name **Hymanson Parnes & Giampaolo**

Employer Identification Number **22-3554220**

Date **December 13, 2012**

UII# **#66170**

Contact First Name **Anthony**

Contact Middle Initial **J.**

Contact Last Name **Giampaolo, C.P.A**

Street Address Line 1 **467 Middletown-Lincroft Rd.**

Street Address Line 2

County **Lincroft**

State **New Jersey**

Zip Code **07738**

Telephone **732-842-4550**