

CLEMENTON HOUSING AUTHORITY
COMPARATIVE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Years Ended June 30, 2011 and 2010

CLEMENTON HOUSING AUTHORITY
COMPARATIVE FINANCIAL STATEMENTS

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CLEMENTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Clementon Housing Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2011.

Please read it in conjunction with the Authority's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities as of June 30, 2011 by \$1,997,016 (net assets) in the current fiscal year as opposed to \$2,151,819 for the prior fiscal year.
- As of the close of the current fiscal year, the Housing Authority reported ending unrestricted net assets of \$403,756 representing a decrease of \$74,124 from the prior fiscal year of \$477,880.
- The Housing Authority's cash and cash equivalent balances at June 30, 2011 were \$542,268, representing a decrease of \$145,959 from the prior fiscal year of \$688,227.
- The Housing Authority had Total operating revenues of \$ 934,972 and Total operating expenses of \$ 1,094,939 (including depreciation expense of \$ 78,148) for the year ended June 30, 2011.
- The Housing Authority's capital outlays for the fiscal year were \$ 4,350.
- The Housing Authority's total expenditures of federal awards amounted to \$682,467 for the fiscal year.

THE FINANCIAL REPORT

Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's financial statements and Notes to the Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

CLEMENTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Year Ended June 30, 2011

Financial Statements

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

The Comparative Statements of Net Assets report the Housing Authority's net assets and changes in them. You can think of the Authority's net assets, the difference between assets, what it owns, and liabilities, what it owes, as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating.

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

The Comparative Statements of Cash Flows presents information showing how the Housing Authority's cash and cash equivalents position changed during the year. The statements classify cash receipts and cash payments as resulting from operating activities, capital and related financing activities and investing activities.

The financial statements report on the Housing Authority's activities. The activities are primarily supported by The Department of U.S. Housing and Urban Development (HUD) subsidies and grants. The Housing Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found beginning on page 9.

Notes to Financial Statements

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

Supplemental information

The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of

CLEMENTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Year Ended June 30, 2011

States, Local Governments, and Non-profit Organizations. The schedule of expenditures of federal awards can be found on page 19 of this report.

Financial Data Schedule is included in this Report for the purpose of additional analysis. This schedule can be found on pages 20 – 23.

THE HOUSING AUTHORITY AS A WHOLE

The Housing Authority's Net Assets decreased during the fiscal year primarily due to a decrease in operating income and operating subsidy. Previous year's increase in some operating expenses were not offset by Capital Grants which decreased this year.

By far, the largest portion of the Housing Authority's net assets reflects its investment in capital assets (e.g. – land, buildings and improvements, and furniture and equipment). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are not available for future spending. The unrestricted net assets of the Housing Authority are available for future use to provide program services.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2011 individual programs or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency. The Authority operated within its budgetary limitations in total, for all programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the Housing Authority's investment in capital assets for its Proprietary Fund was \$ 1,484,041 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, furniture and equipment and Construction In Progress.

This year's major addition includes the partial funding for completion of the trash compactor. Additional information on the Authority's capital assets can be found in Note D to the financial statements, which is included in this report.

CLEMENTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Year Ended June 30, 2011

Long-Term Debt

The Housing Authority does not have any long-term debt outstanding at this time.

CHANGES IN THE STATEMENT OF NET ASSETS

Total cash and cash equivalents decreased by \$ 143,643. Tenant accounts receivables decreased by \$1,477. HUD accounts receivables decreased by \$ 1,974 reflecting HUD grants collected in the current fiscal year from the previous fiscal year. Prepaid expenses decreased by \$2,412. Capital assets including construction in progress decreased by a net of \$64,606. This change consisted of additions of \$13,542 less depreciation of \$78,148. Deferred revenue decreased by \$ 57,311 reflecting HUD subsidy drawn prior to year end to be recognized as income in a future period. Accounts payable and accrued liabilities decreased by \$3,191 reflecting payments in this fiscal period for prior year liabilities. Tenant security deposits increased by \$1,616 as new deposits were received. Finally, compensated absences decreased by \$ 423 as employees used leave time earned in prior periods.

CHANGES IN THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Dwelling rentals and other revenue decreased by \$55,246 for the fiscal year ended June 30, 2011 compared to the year ended June 30, 2010. Tenant revenue decreased by \$ 14,349 compared to the prior year, other income decreased by a net of \$40,897 due primarily to reduction from cell towers and other income. Operating subsidy decreased by \$22,560 reflecting a decrease of \$ 23,096 in Low Rent and an increase in HAP receipts of \$ 536. Capital grants decreased \$150,369 which reflects fewer funds available to the Authority for major improvement projects. Administrative costs increased by \$ 18,775 which were primarily to salary and fringe benefit increases. Tenant services decreased by \$3,637 due to less activities within the developments community room. Operating and maintenance expenses increased by \$5,179 and were primarily due to rising cost of wages and supplies. Utilities increases of \$ 7,005 were consistent across all utility categories. The increases were primarily due to rising costs of operators resulting in rate increases. General expenses increased by \$ 12,799 reflecting increases primarily in security costs. Extraordinary maintenance increased by \$2,851 reflecting ongoing improvements which reduce the cost line of maintaining an aging building. Housing Assistance Payments (HAP) decreased by \$15,376 due to future reductions in program funding. Depreciation increased by \$ 5,030 reflecting first year depreciation from assets being placed in service this fiscal year. Finally, Investment income increased modestly to \$ 814, while the Authority took a loss of \$ 1,105 on the disposition of an asset in the prior year.

CLEMENTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Year Ended June 30, 2011

FINANCIAL RATIOS

“Working Capital” is the amount by which current assets exceed current liabilities. The Current Ratio, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations.

Working Capital

2011	\$ 531,000
2010	\$ 625,000

Current Ratio

2011	15.63
2010	7.76

“Return on total assets” is computed by dividing net income by average net assets. “Return on total assets” illustrates to what extent there will be sufficient funds to replace assets in the future.

Return on Assets

2011	(8) %
2010	5 %

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Housing Authority's budget for the fiscal year ending June 30, 2011: 1) The state of economy, particularly its effect on tenants incomes, which are used in determining tenant rents paid to the Housing Authority, 2) The need for Congress to fund the war on terrorism, natural disasters, and the possible cut-back on HUD subsidies and grants, and 3) The use of the Housing Authority's Unrestricted Net Assets of \$ 403,756 to fund any shortfalls rising from a possible economic downturn and reduced subsidies and grants. The Housing Authority's Unrestricted Net Assets appear sufficient to cover any shortfall.

CLEMENTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Year Ended June 30, 2011

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide readers of the financial statements with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Executive Director, at Clementon Housing Authority, 22 Gibbsboro Road, Clementon, New Jersey, 08021.

CONDENSED FINANCIAL STATEMENTS

Composition of Net Assets is as follows:

	<u>Year Ended</u>	
	<u>6/30/11</u>	<u>6/30/10</u>
Current assets	\$ 567,325	\$ 716,831
Capital assets	<u>1,484,041</u>	<u>1,548,647</u>
Total assets	<u>2,051,366</u>	<u>\$ 2,265,478</u>
Current liabilities	\$ 36,308	\$ 92,373
Other liabilities	<u>18,042</u>	<u>21,286</u>
Total liabilities	<u>\$ 54,350</u>	<u>\$ 113,659</u>
Invested in capital assets, net of related debt	\$1,484,041	\$ 1,548,647
Restricted net assets	109,219	125,292
Unrestricted net assets	<u>403,756</u>	<u>477,880</u>
Total net assets	<u>\$1,997,016</u>	<u>\$ 2,151,819</u>
Dwelling rentals & other revenues	\$ 256,855	\$ 312,101
Operating subsidy	<u>678,117</u>	<u>700,677</u>
Total operating revenues	<u>\$ 934,972</u>	<u>\$ 1,012,778</u>
Operating expenses		
Excluding depreciation	\$ 1,016,791	\$ 989,195
Depreciation	<u>78,148</u>	<u>73,118</u>
Total operating expenses	<u>\$ 1,094,939</u>	<u>\$ 1,062,313</u>
Non operating revenue	<u>\$ 814</u>	<u>\$ (1,105)</u>
Income (loss) before capital contributions	<u>\$ (159,153)</u>	<u>\$ (50,640)</u>
Capital grants received	<u>\$ 4,350</u>	<u>\$ 154,719</u>
Change in net assets	<u>\$ (154,803)</u>	<u>\$ 104,079</u>
Prior period adjustments	<u>\$ -</u>	<u>\$ (6,500)</u>
Ending net assets	<u>\$ 1,997,016</u>	<u>\$ 2,151,819</u>

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Clementon Housing Authority
Clementon, NJ

We have audited the accompanying comparative financial statements of net assets of Clementon Housing Authority, herein referred to as the Authority, as of June 30, 2011 and 2010, and the related comparative statements of revenues, expenses, and changes in net assets and cash flows for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the comparative financial statements referred to above present fairly, in all material respects, the respective financial position of Clementon Housing Authority as of June 30, 2011 and 2010, the results of operations, the respective changes in net assets, and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011, on our consideration of Clementon Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Management, Discussion, and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we do not express an opinion or provide assurance on it.


JENNIFER L ANDERSON, LLC

Moorestown, NJ
December 19, 2011

CLEMENTON HOUSING AUTHORITY
 COMPARATIVE STATEMENTS OF NET ASSETS
 June 30, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 542,268	\$ 688,227
Tenant security deposits	2,316	-
Tenants' accounts receivable (See Note C)	2,383	3,860
Due from HUD	-	1,220
Miscellaneous receivables	-	754
Miscellaneous prepaid expenses	<u>20,358</u>	<u>22,770</u>
Total current assets	<u>567,325</u>	<u>716,831</u>
Property and Equipment		
Land	26,974	26,974
Buildings and improvements	2,946,494	2,740,520
Furniture and equipment	<u>61,709</u>	<u>61,709</u>
	3,035,177	2,829,203
Accumulated depreciation	(1,551,136)	(1,472,988)
Construction in progress	<u>-</u>	<u>192,432</u>
	<u>1,484,041</u>	<u>1,548,647</u>
Total assets	<u>\$ 2,051,366</u>	<u>\$ 2,265,478</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 20,688	\$ 22,054
Tenant security deposits	2,316	700
Deferred revenue	-	57,311
Compensated absences	3,185	364
Other accrued liabilities	<u>10,119</u>	<u>11,944</u>
Total current liabilities	<u>36,308</u>	<u>92,373</u>
Noncurrent liabilities		
Compensated absences	<u>18,042</u>	<u>21,286</u>
Total liabilities	<u>54,350</u>	<u>113,659</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,484,041	1,548,647
Restricted net assets	109,219	125,292
Unrestricted net assets	<u>403,756</u>	<u>477,880</u>
Total net assets	<u>1,997,016</u>	<u>2,151,819</u>
Total liabilities and net assets	<u>\$ 2,051,366</u>	<u>\$ 2,265,478</u>

CLEMENTON HOUSING AUTHORITY
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 Years Ended June 30, 2011, and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Dwelling rentals & other revenue	\$ 256,855	\$ 312,101
Operating subsidy	<u>678,117</u>	<u>700,677</u>
Total revenues	<u>934,972</u>	<u>1,012,778</u>
EXPENSES		
Administrative	208,591	189,816
Tenant services	3,961	7,598
Utilities	207,986	200,981
Operating and maintenance	133,357	128,178
General	42,903	30,104
Extraordinary maintenance	5,855	3,004
Housing assistance payments	414,138	429,514
Depreciation	<u>78,148</u>	<u>73,118</u>
Total expenses	<u>1,094,939</u>	<u>1,062,313</u>
NON OPERATING REVENUES (EXPENSES)		
Loss on sale of capital assets	-	(1,105)
Investment income	<u>814</u>	<u>-</u>
Income (loss) before contributions and transfers	(159,153)	(50,640)
CAPITAL GRANTS RECEIVED		
HUD capital grants	<u>4,350</u>	<u>154,719</u>
Change in net assets	(154,803)	104,079
Beginning net assets	2,151,819	2,054,240
Prior period adjustments	<u>-</u>	<u>(6,500)</u>
Ending net assets	<u>\$ 1,997,016</u>	<u>\$ 2,151,819</u>

CLEMENTON HOUSING AUTHORITY
 COMPARATIVE STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
From tenants for rental and other income	\$ 260,702	\$ 310,209
From government agencies for operating grants	622,026	716,796
Cash Paid:		
Prior period adjustments	-	(6,500)
To employees for operations	(210,839)	(192,551)
To suppliers for operations	(393,016)	(364,529)
For housing assistance payments	(414,138)	(429,514)
	<u>(135,265)</u>	<u>33,911</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	4,350	154,719
Construction in progress	(13,542)	(199,419)
Acquisitions of property and equipment	-	(1,298)
	<u>(9,192)</u>	<u>(45,998)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	814	-
	<u>814</u>	<u>-</u>
	<u>(143,643)</u>	<u>(12,087)</u>
	<u>688,227</u>	<u>700,314</u>
Beginning cash and cash equivalents	688,227	700,314
Ending cash and cash equivalents	<u>\$ 544,584</u>	<u>\$ 688,227</u>
ENDING CASH AND CASH EQUIVALENTS RECAP:		
Cash - unrestricted	\$ 542,268	\$ 688,227
Tenant deposits held in trust - restricted	2,316	-
	<u>\$ 544,584</u>	<u>\$ 688,227</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS		
Operating income (loss)	\$ (159,967)	\$ (50,640)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation expense	78,148	73,118
Loss on disposal of capital asset	-	1,105
Prior period adjustment	-	(6,500)
Decrease (Increase) in assets:		
Tenants accounts receivable	1,477	(1,538)
Prepaid expenses	2,412	465
Miscellaneous receivables	754	(754)
Increase (decrease) in liabilities:		
Accounts payable	(1,366)	4,871
Accrued liabilities	(1,825)	1,287
Compensated absences	(423)	(4,022)
Security deposit	1,616	400
Prepaid revenue	(57,311)	(6,887)
Due from HUD	1,220	23,006
	<u>\$ (135,265)</u>	<u>\$ 33,911</u>

See accountant's report and accompanying notes to financial statements.

CLEMENTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Nature of Organization and Operations

The Clementon Housing Authority (the Authority) is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A., 4A:12A-1, et seq., the “Housing Authority Act”). The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development (HUD) and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority’s Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of public housing for low and moderate income families residing in the Borough of Clementon, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government.

The Authority has not identified any entities that should be subject to evaluation for inclusion in the Authority’s reporting entity. The Authority has concluded that it is excluded from the Borough’s reporting entity since the Borough does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.

The combined financial statements include all 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 federally funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both of which are included as supplemental information.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below, including changes required by GASB 34.

2) Basis of Accounting

Report Presentation

The comparative financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus” and Statement No. 38 “Certain Financial Statement Note Disclosures”, which supplement No. 34. Statement No. 34 established standards for all state and local governmental entities that includes a statement of net assets, a statement of activities and a statement of cash flows. It requires a classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets. These classifications are defined as follows:

CLEMENTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2011

2) Basis of Accounting (Cont'd.)

Report Presentation (Cont'd.)

Invested in Capital Assets, Net of Related Debt – This component consists of land, construction in progress and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Invested in Capital Assets, Net of Related Debt. Rather, that portion of debt is included in the same net asset component as the unspent proceeds.

Restricted Net Assets – This component includes net assets subject to restrictions placed on net asset use through external constraints imposed by creditors (such as debt covenants), grantors, contributions, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This component consists of net assets that do not meet the definition of Restricted Net Assets or Invested in Capital Assets, Net of Related Debt. The adoption of Governmental Accounting Standards Board Statements 34, 37, and 38 have no significant effect on the basic financial statements, except for the classification of net assets in accordance with Statement No. 34.

Depreciation

Depreciation is computed for financial statement purposes using the straight-line method over the estimated useful lives of the related assets as follows:

Building	40 years
Building components	15 and 20 years
Furnishings and equipment	5 years

Taxes

The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal or State income tax returns.

Grants

The Authority receives reimbursement from various grantors for the cost of sponsored projects, including administrative costs. Grant revenues are recognized in the period in which the associated cost for the grant is incurred. Grant expenditures are recognized on an accrual basis.

Tenants Accounts Receivable

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

CLEMENTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2011

2) Basis of Accounting (Cont'd.)

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificate 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure for contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

Option 11/30/89 FASB

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.

Proprietary Fund

The Authority does not have any infrastructure assets for its Proprietary Fund.

Inter-fund transactions

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

Budgetary policy and 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.

CLEMENTON HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONT'D)
 June 30, 2011

2) Basis of Accounting (Cont'd.)

Fair Value Measurements – Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Generally accepted accounting principles defined a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets that are observable either directly or indirectly; and
- Level 3: Unobservable inputs for which there is little or no market data, which requires the Authority to develop assumptions.

The carrying amounts reported for cash and short-term investments approximate fair value.

NOTE B – CASH AND CASH EQUIVALENTS

The Authority maintains cash balances in local banks, which are covered by the Governmental Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. Cash and Cash Equivalents (including tenant security deposits) of \$544,584 and \$688,227 at June 30, 2011 and 2010 respectively consisted of the following:

	<u>2011</u>	<u>2010</u>
Checking Accounts	\$291,354	\$688,127
Money Market Accounts	250,814	-
Tenant security deposits	2,316	-
Petty Cash	<u>100</u>	<u>100</u>
	<u>\$544,584</u>	<u>\$688,227</u>

The carrying amount of the Authority's cash and cash equivalents as of June 30, 2011 was \$544,584 and the bank balances were \$545,379. Of the bank balances, \$44,076 was not covered by FDIC insurance. Starting in 2011, the Authority began collecting security deposits from tenants. In addition, they do require a security fees for pets. Both the security deposits and security fees are included in the tenant security deposits balance.

The Housing Authority's cash and cash equivalents are categorized to give an indication of the level of risk assumed by the Housing Authority. The categories are described as follows:

- Category 1 – Insured or registered, or securities held by the housing authority or its agent in the housing authority's name
- Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the housing authority's name
- Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the housing authority's name.

Based on these three levels of risk, all of the Housing Authority's Cash and cash equivalents are classified as Category 1.

CLEMENTON HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONT'D)
 June 30, 2011

NOTE C – TENANTS' ACCOUNTS RECEIVABLE

The following is a summary of receivables at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Current tenants' rent balances	\$ 230	\$1,896
Current tenants' back rent	2,177	3,682
Vacated tenants' balances	-	-
	<u>2,407</u>	<u>5,578</u>
Less: Allowance for doubtful accounts	<u>(1,224)</u>	<u>(1,718)</u>
	<u>\$1,183</u>	<u>\$3,860</u>

NOTE D – FIXED ASSETS

Capital acquisition and construction are capitalized as fixed assets and depreciated over the estimated useful life of the asset. All purchased fixed assets are valued at cost. Donated fixed assets are valued at the estimated fair market value on the date received. Cost of repairs and maintenance are expensed as incurred. Proceeds from the disposal of fixed assets are recognized in the period received. The following is a summary of changes in general fixed assets for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Disposals	Transfers/ Other	Balance June 30, 2011
Land	\$ 26,974	\$ -	\$ -	\$ -	\$ 26,974
Buildings & improvements	2,740,520	-	-	205,974	2,946,494
Furniture & equipment	61,709	-	-	-	61,709
	<u>2,829,203</u>	-	-	205,974	<u>3,035,177</u>
Less: Accum. depreciation	(1,472,988)	(78,148)	-	-	(1,551,136)
Construction in progress	192,432	13,542	-	(205,974)	-
	<u>\$1,548,647</u>	<u>\$(64,606)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,484,041</u>

Depreciation expense for the years ended June 30, 2011 and 2009 amounted to \$78,148 and \$73,118, respectively. Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed are capitalized if they exceed \$500 and are expensed when incurred below that amount.

NOTE E – PAYMENT IN LIEU OF TAXES (PILOT)

Under federal, state, and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provisions of a Cooperation Agreement. Under the Cooperation Agreement, the Authority must pay the Borough the lesser of 10% of its net shelter rent or the approximate full real property taxes. The Borough does not provide trash collection services to the Authority; therefore the Authority offsets the cost of trash removal from the PILOT. For the fiscal years June 30, 2011 and 2009, the cost of trash removal exceeded the PILOT. Therefore, no PILOT expense was accrued.

CLEMENTON HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONT'D)
 June 30, 2011

NOTE F – ACCRUED COMPENSATED ABSENCES

Employees are entitled to accumulated sick leave and vacation leave earned in accordance with the Authority’s Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service. Employees may be compensated for sick leave at retirement or termination from service at a rate of 50% of the sick leave balance accrued. The Authority has determined that the potential liability for accumulated leave is \$21,227 at June 30, 2011 and \$21,650 at June 30, 2010.

NOTE G – RESTRICTED NET ASSETS – HOUSING CHOICE VOUCHER PROGRAM

Prior to January 1, 2005 excess funds advanced by HUD to the Authority for the payment of housing assistance payments were returned to HUD at the end of the Authority’s fiscal year. In accordance with HUD’s PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of Housing Assistance Payments that are not so 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. As of November 2007, HUD is reverting to treating these funds as restricted in order to comply with generally accepted accounting principles. HUD has indicated that any HAP amounts received by a PHA and not expended should be reported as restricted cash and restricted net assets.

Administrative fees paid by HUD to the Authority in excess of administrative expenses are 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 CFS982.155 – i.e. “other housing purposes permitted by state or 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.

In accordance with HUD requirements, the Authority’s restricted and unrestricted fund balances within the housing choice voucher program consist of the following components as of June 30, 2011 and 2010:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Housing Assistance Payments (HAP) Restricted	\$ 109,219	\$ 125,292
Administrative – Unrestricted	<u>68,903</u>	<u>63,891</u>
Total Net Assets Section 8 Program	<u>\$ 178,122</u>	<u>\$ 189,183</u>

CLEMENTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
June 30, 2011

NOTE H – PENSION PLAN

The Authority participates in the New Jersey Public employees' retirement system (PERS) which is sponsored and administered by the New Jersey Division of Pension and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1995 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the State, County, municipality, school district or public agency, provided the employee is not a member of another State administered retirement system. Membership is mandatory for such employees. Contributions to the plan are made by both employee and the Authority. Required employee contributions to the system are based on a flat rate which is determined by the New Jersey Division of Pension for active plan members. Benefits paid to retired employees are based on length of service, latest earnings and veteran status. Authority contributions to the system are determined by the PERS and are billed annually to the Authority. The Authority was required to make a \$ 20,339 contribution to the system during the audit period for 2011.

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.

NOTE I – RISK MANAGEMENT

During the year ended June 30, 2011, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues.

NOTE J – CONSTRUCTION COMMITMENTS

At June 30, 2011, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

NOTE K – ECONOMIC DEPENDENCY

For the year ended June 30, 2011, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development. 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 adequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE M – SUBSEQUENT EVENTS

Management of the Authority has evaluated the effects of subsequent events that have occurred subsequent to the period ending June 30, 2011, and through December 19, 2011.

SUPPLEMENTARY INFORMATION

CLEMENTON HOUSING AUTHORITY
 SCHEDULE OF FEDERAL AWARDS
 Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Revenue Recognized	Federal Expenditures
U. S. Department of Housing and Urban Development			
<u>Low Income Housing Program</u>			
Operating Subsidy	14.85	\$ 230,211	\$ 230,211
Capital Fund Program	14.872	<u>4,350</u>	<u>4,350</u>
<u>Housing Choice Voucher Program</u>			
Section 8 Choice Vouchers	14.871	<u>447,906</u>	<u>447,906</u>
Total		<u>\$ 682,467</u>	<u>\$ 682,467</u>

CLEMENTON HOUSING AUTHORITY
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2011

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Clementon Housing Authority, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CLEMENTON HOUSING AUTHORITY
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 Year Ended June 30, 2011

The prior audit contained no findings.

CLEMENTON HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 YEAR ENDED JUNE 30, 2011

	Project Total	14,871 Housing	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$364,146	\$68,903	\$433,049		\$433,049
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$109,219	\$109,219		\$109,219
114 Cash - Tenant Security Deposits	\$2,316		\$2,316		\$2,316
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$366,462	\$178,122	\$544,584	\$0	\$544,584
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$230		\$230		\$230
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0		\$0
126.2 Allowance for Doubtful Accounts - Other					
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$2,177	\$2,918	\$5,095		\$5,095
128.1 Allowance for Doubtful Accounts - Fraud	-\$1,224	-\$1,718	-\$2,942		-\$2,942
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,183	\$1,200	\$2,383	\$0	\$2,383
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$20,358		\$20,358		\$20,358
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$3,158		\$3,158	-\$3,158	\$0
145 Assets Held for Sale					
150 Total Current Assets	\$391,161	\$179,322	\$570,483	-\$3,158	\$567,325
161 Land	\$26,974		\$26,974		\$26,974
162 Buildings	\$2,906,729		\$2,906,729		\$2,906,729
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$61,708		\$61,708		\$61,708
165 Leasehold Improvements	\$39,765		\$39,765		\$39,765
166 Accumulated Depreciation	-\$1,551,136		-\$1,551,136		-\$1,551,136
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,484,040	\$0	\$1,484,040	\$0	\$1,484,040
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
175 Investments in Joint Ventures					

CLEMENTON HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 YEAR ENDED JUNE 30, 2011

180 Total Non-Current Assets	\$1,484,040	\$0	\$1,484,040	\$0	\$1,484,040
190 Total Assets	\$1,875,201	\$179,322	\$2,054,523	-\$3,158	\$2,051,365
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$14,488	\$6,200	\$20,688		\$20,688
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$2,698	\$607	\$3,205		\$3,205
322 Accrued Compensated Absences - Current Portion	\$2,819	\$368	\$3,185		\$3,185
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$2,316		\$2,316		\$2,316
342 Deferred Revenues					
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$8,914		\$8,914		\$6,914
347 Inter Program - Due To		\$3,158	\$3,158	-\$3,158	\$0
348 Loan Liability - Current					
310 Total Current Liabilities	\$29,135	\$10,331	\$39,466	-\$3,158	\$36,308
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$15,971	\$2,071	\$18,042		\$18,042
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$15,971	\$2,071	\$18,042	\$0	\$18,042
300 Total Liabilities	\$45,106	\$12,402	\$57,508	-\$3,158	\$54,350
508.1 Invested In Capital Assets, Net of Related Debt	\$1,484,040		\$1,484,040		\$1,484,040
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets		\$109,219	\$109,219		\$109,219
512.1 Unrestricted Net Assets	\$346,055	\$57,701	\$403,756		\$403,756
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$1,830,095	\$166,920	\$1,997,015	\$0	\$1,997,015
600 Total Liabilities and Equity/Net Assets	\$1,875,201	\$179,322	\$2,054,523	-\$3,158	\$2,051,365
70300 Net Tenant Rental Revenue	\$212,850		\$212,850		\$212,850

CLEMENTON HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 YEAR ENDED JUNE 30, 2011

70400 Tenant Revenue - Other	\$6,680		\$6,680		\$6,680
70500 Total Tenant Revenue	\$219,530	\$0	\$219,530		\$219,530
70600 HUD PHA Operating Grants	\$230,211	\$447,906	\$678,117		\$678,117
70810 Capital Grants	\$4,350		\$4,350		\$4,350
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$814		\$814		\$814
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$2,448		\$2,448		\$2,448
71600 Other Revenue	\$34,718	\$159	\$34,877		\$34,877
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$492,071	\$448,065	\$940,136		\$940,136
91100 Administrative Salaries	\$87,893	\$38,082	\$125,775		\$125,775
91200 Auditing Fees	\$4,000	\$3,200	\$7,200		\$7,200
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91600 Employee Benefit contributions - Administrative	\$17,392	\$6,115	\$23,507		\$23,507
91600 Office Expenses	\$20,686	\$5,793	\$26,479		\$26,479
91700 Legal Expense	\$4,528		\$4,528		\$4,528
91800 Travel	\$172		\$172		\$172
91810 Allocated Overhead					
91900 Other	\$17,930	\$3,000	\$20,930		\$20,930
91000 Total Operating - Administrative	\$152,401	\$56,190	\$208,591		\$208,591
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$3,961		\$3,961		\$3,961
92500 Total Tenant Services	\$3,961	\$0	\$3,961		\$3,961
93100 Water	\$14,796		\$14,796		\$14,796
93200 Electricity	\$73,559		\$73,559		\$73,559
93300 Gas	\$62,762		\$62,762		\$62,762
93400 Fuel					
93500 Labor	\$17,581		\$17,581		\$17,581
93600 Sewer	\$35,770		\$35,770		\$35,770
93700 Employee Benefit Contributions - Utilities	\$3,518		\$3,518		\$3,518
93800 Other Utilities Expense					

CLEMENTON HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 YEAR ENDED JUNE 30, 2011

93000 Total Utilities	\$207,986	\$0	\$207,986	\$207,986
94100 Ordinary Maintenance and Operations - Labor	\$52,743		\$52,743	\$52,743
94200 Ordinary Maintenance and Operations - Materials and Other	\$10,895		\$10,895	\$10,895
94300 Ordinary Maintenance and Operations Contracts	\$59,166		\$59,166	\$59,166
94500 Employee Benefit Contributions - Ordinary Maintenance	\$10,553		\$10,553	\$10,553
94000 Total Maintenance	\$133,357	\$0	\$133,357	\$133,357
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$19,713		\$19,713	\$19,713
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$19,713	\$0	\$19,713	\$19,713
96110 Property Insurance	\$5,965		\$5,965	\$5,965
96120 Liability Insurance	\$5,964		\$5,964	\$5,964
96130 Workmen's Compensation	\$6,074		\$6,074	\$6,074
96140 All Other Insurance	\$2,003		\$2,003	\$2,003
96100 Total Insurance Premiums	\$20,006	\$0	\$20,006	\$20,006
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents	\$1,961		\$1,961	\$1,961
96500 Bad debt - Mortgages				
96600 Bad debt - Other	\$1,224		\$1,224	\$1,224
96600 Severance Expense				
96000 Total Other General Expenses	\$3,185	\$0	\$3,185	\$3,185
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$540,609	\$56,190	\$596,799	\$596,799
97000 Excess of Operating Revenue over Operating Expenses	-\$48,538	\$391,875	\$343,337	\$343,337
97100 Extraordinary Maintenance	\$5,855		\$5,855	\$5,855
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$414,138	\$414,138	\$414,138
97350 HAP Portability-In				
97400 Depreciation Expense	\$78,148		\$78,148	\$78,148
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$624,612	\$470,328	\$1,094,940	\$1,094,940
10010 Operating Transfer In				
10020 Operating transfer Out				

CLEMENTON HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 YEAR ENDED JUNE 30, 2011

10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$132,541	-\$22,283	-\$154,804	-\$154,804
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,962,636	\$189,183	\$2,151,819	\$2,151,819
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0	\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$57,701	\$57,701	\$57,701
11180 Housing Assistance Payments Equity		\$109,219	\$109,219	\$109,219
11180 Unit Months Available	840	681	1521	1521
11210 Number of Unit Months Leased	731	708	1439	1439
11270 Excess Cash	\$296,606		\$296,606	\$296,606
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$4,350		\$4,350	\$4,350
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$9,191		\$9,191	\$9,191
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

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

To the Board of Commissioners of
Clementon Housing Authority
Clementon, NJ

We have audited the financial statements of Clementon Housing Authority, herein referred to as the Authority, as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon, dated December 19, 2011. 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

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic 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*.

We noted certain matters that we reported to management of the Authority, in a separate letter dated January 10, 2012.

This report is intended solely for the information and use of management, board of commissioners, others within the Authority, 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.


JENNIFER L ANDERSON LLC

Moorestown, NJ
December 19, 2011

JENNIFER L ANDERSON, LLC
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners of
Clementon Housing Authority
Clementon, NJ

Compliance

We have audited Clementon Housing Authority's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2011. Clementon Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Clementon Housing Authority's management. Our responsibility is to express an opinion on Clementon Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clementon Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Clementon Housing Authority's compliance with those requirements.

In our opinion, Clementon Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

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

A *deficiency in internal control over compliance* 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, 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 or corrected, on a timely basis.

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

This report is intended solely for the information and use of management, board of commissioners, others within the entity, 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.


JENNIFER L ANDERSON LLC

Moorestown, NJ
December 19, 2011

CLEMENTON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Clementon Housing Authority.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Clementon Housing Authority were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal awards programs for Clementon Housing Authority expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included: Section 8 Housing Choice Voucher Program, CFDA No. 14.871.
8. The threshold for distinguishing Type A and Type B programs was \$ 300,000.
9. Clementon Housing Authority did qualify as a low risk auditee.

Findings – Financial Statements Audit

NONE

Findings and Questioned Costs– Major Federal Award Programs Audit

NONE