

HOUSING AUTHORITY OF THE
BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey

COMPARATIVE FINANCIAL STATEMENTS
For the Two Years Ended March 31, 2014 and 2013

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
Table of Contents

TABLE OF CONTENTS

	<u>PAGE</u>
Management's Discussion and Analysis	1-5
Independent Auditors' Report	6-7
<u>FINANCIAL STATEMENTS</u>	
Comparative Statements of Net Position	8
Comparative Statements of Revenues, Expenses, and Changes in Net Position	9
Comparative Statements of Cash Flows	10
Notes to Financial Statements	11-21
<u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Expenditures of Federal Awards	22
Financial Data Schedule	23-27
Statement and Certification of Completed Modernization Grants	28
<u>OTHER REPORTS AND COMMENTS</u>	
Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	29-30
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	31-32
Schedule of Findings and Questioned Costs	33

MANAGEMENT'S DISCUSSION AND ANALYSIS
Housing Authority of the Borough of Cliffside Park
March 31, 2014

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2014. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A Financial Highlights

1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$13,158,130 (net position) as opposed to \$13,550,460 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of \$2,134,781 and \$258,443 of Restricted Net Position.

3 – The Authority's cash and cash equivalent balance at March 31, 2014 was \$1,131,384 representing a decrease of \$133,952 from the prior fiscal year.

4 – The Authority's Investments were \$2,052,201 at March 31, 2014 representing a decrease of \$483,704 from the prior fiscal year

5 – The Authority had Total Operating Revenues of \$6,600,217 and Total Operating Expenses of \$7,197,641 (including depreciation of \$479,352) for the year ended March 31, 2014.

6 – The Authority's capital outlays for the fiscal year were \$896,432.

7 – The Authority's Expenditures of Federal Awards amounted to \$4,947,267 for the fiscal year.

B Using the Annual Report

1 – Management's Discussion and Analysis

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

2 – Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

B Using the Annual Report (Continued)

2 – Financial Statements (Continued)

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

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 8 through 10.

3 – Notes To Financial Statements

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

4 – Supplemental Information

The schedule of expenditures of Federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. The schedule of expenditures of Federal awards can be found on page 22 of this report.

C The Authority as a Whole

The Authority's Net Position decreased during the fiscal year as detailed below. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's expenses exceeded revenues by \$97,578 which was funded by operating reserves.

By far, the largest portion of the Authority's net position 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 not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

D Budgetary Highlights

For the year ended March 31, 2014 individual program 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. (Also, the Authority adopted a comprehensive annual budget for the General Fund.) The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

D Budgetary Highlights (Continued)

As indicated by the excess of revenues over expenses, when adjusted by depreciation expense, the Authority's Net Position increased during the fiscal year. The increase is indicative of the Authority operating within its budgetary limitations in total, for all its programs.

E Capital Assets and Debt Administration

1 – Capital Assets

As of March 31, 2014, the Authority's investment in capital assets for its Proprietary Fund was \$10,764,906 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$184,600 during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Programs. These activities are funded by grants from HUD.

Additional information on the Authority's capital assets can be found in Note 6 to the Financial Statements which is included in this Report

2 – Long Term Debt

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

F – Significant Changes from Fiscal Year Ended March 31, 2013 to March 31, 2014

Investments decreased during the fiscal year because the Authority utilized those funds to construct the new Senior Center.

Capital grants increased in the current fiscal year. The change will vary from year to year depending on the capital projects undertaken by the Authority.

Investment Income decreased during the current fiscal year due to the utilization of investments to fund the Senior Center expansion project combined with lower interest rates overall.

Employee benefit contributions increased due to the recording of the OPEB liability for the current year.

Other General expenses decreased because the Authority has recorded OPEB expense to employee benefits instead of Other General.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

G Planned Housing Authority Activities

The Authority has completed the expansion of the existing community and office space. The Authority was formed in 1969 to initially administer a Section 23 Leased Housing Program. Since that time two elderly/handicapped housing complexes totaling 354 units have been built and additional Housing Choice Voucher allocations have been obtained totaling 347 units. The Authority's administrative offices are outdated and inefficient as to the flow and accessibility of tenants requiring increased space and efficiencies in flow and privacy.

The Authority's elderly population has become less mobile increasing the utilization of existing community areas and services offered. The community spaces that are principally for public housing tenants have become outdated and inefficient in providing the population with the services needed.

The Authority has previously provided HUD with planned sources of funding and costs for the updating of administrative offices and increasing the community areas. The funding and proposed office and community area has also been described in the Authority's annual plans, which HUD has approved the use of replacement reserve funds for the stated purposes.

The funding sources for the project are replacement reserves, capital funds and operating funds totaling \$ 2,700,000, the approximate cost of the improvements.

The Authority awarded a contract for the construction of the center as of March 31, 2012 and construction was completed during the current fiscal year.

H Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2015.

1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.

2 – The need for Congress to fund the war on terrorism and the possible cut-back on HUD subsidies and grants.

3 – The use of the Authority's Unrestricted Net Position of \$2,134,781 and Restricted Net Position of \$258,443 to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's Unrestricted Net Position appears sufficient to cover any shortfall.

I Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the Borough of Cliffside Park, 500 Gorge Road, Cliffside Park, New Jersey 07010, or call (201) 941-0655.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Composition of Net Position is as follows:

	<u>Year Ended</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Cash and Other Current Assets	\$ 3,300,595	\$ 3,936,143
Capital Assets - Net	<u>10,764,906</u>	<u>10,345,612</u>
Total Assets	14,065,501	14,281,755
Less: Total Liabilities	<u>(907,371)</u>	<u>(731,295)</u>
Net Position	<u>\$ 13,158,130</u>	<u>\$ 13,550,460</u>
Invested in Capital Assets	10,764,906	10,345,612
Unrestricted Net Position	2,134,781	2,918,649
Restricted Net Position	<u>258,443</u>	<u>286,199</u>
Total Net Position	<u>\$ 13,158,130</u>	<u>\$ 13,550,460</u>

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,369,173	\$ 1,360,636
HUD Subsidies	4,762,667	4,221,914
Other Income	<u>468,377</u>	<u>409,370</u>
Total Operating Revenues	<u>6,600,217</u>	<u>5,991,920</u>
<u>Expenses</u>		
Operating Expenses excluding depreciation	6,718,289	6,702,917
Depreciation Expense	<u>479,352</u>	<u>469,352</u>
Total Operating Expenses	<u>7,197,641</u>	<u>7,172,269</u>
Deficiency of Operating Revenues Over Expenses	(597,424)	(1,180,349)
<u>Non-Operating Revenues</u>		
Interest on Investments	<u>20,494</u>	<u>38,962</u>
Deficiency of Revenues Over Expenses Before Capital Grants Received	(576,930)	(1,141,387)
<u>Capital Grants</u>		
HUD Capital Grants	<u>184,600</u>	<u>949,651</u>
Excess Revenues/(Deficiency)	(392,330)	(191,736)
Net Assets Prior	<u>13,550,460</u>	<u>13,742,196</u>
Total Net Position	<u>\$ 13,158,130</u>	<u>\$ 13,550,460</u>



CERTIFIED PUBLIC ACCOUNTANTS

2035 HAMBURG TURNPIKE, UNIT H
WAYNE, NEW JERSEY 07470
TELEPHONE: (973) 831-6969
FAX: (973) 831-6972
E-MAIL: POLCARICO@OPTONLINE.NET

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cliffside Park Housing Authority
Cliffside Park, New Jersey

We have audited the accompanying financial statements of the Housing Authority of the Borough of Cliffside Park, which comprise of the Comparative Statements of Net Position as of March 31, 2014 and 2013 and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Borough of Cliffside Park, as of March 31, 2014 and 2013, and the changes in net position, and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-5 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the Borough of Cliffside Park. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The financial data schedule and schedule of expenditures of federal awards are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 general accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 3, 2014

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
At March 31, 2014 and 2013

<u>ASSETS</u>		March 31, 2014	March 31, 2013
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents - Unrestricted	\$	807,091	\$ 926,953
Cash - Restricted		258,443	286,199
Cash - Tenant Security Deposits		65,850	52,184
Investments - Unrestricted		2,052,201	1,589,517
Investments - Restricted		-	946,388
Accounts Receivable - Tenants (Net)		46	(46)
Accrued Interest Receivable		5,830	2,733
Accounts Receivable - HUD		4,586	33,336
Accounts Receivable - Other		876	8,321
Prepaid Expenses and Other Current Assets		105,672	90,558
Total Current Assets		<u>3,300,595</u>	<u>3,936,143</u>
<u>FIXED ASSETS</u>			
Land		586,165	586,165
Buildings and Improvements		15,535,279	15,535,279
Furniture, Equipment and Machinery		1,760,977	1,660,977
Construction in Progress		3,266,809	2,468,163
Total Fixed Assets		<u>21,149,230</u>	<u>20,250,584</u>
Less: Accumulated Depreciation		<u>(10,384,324)</u>	<u>(9,904,972)</u>
Net Fixed Assets		<u>10,764,906</u>	<u>10,345,612</u>
Total Assets	\$	<u>14,065,501</u>	<u>\$ 14,281,755</u>
<u>LIABILITIES AND NET POSITION</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable:			
Vendors and Contractors	\$	44,028	\$ 76,421
HUD		2,214	-
Due to Tenants:			
Security Deposits		66,000	52,184
Accrued Liabilities:			
Compensated Absences - Current portion		21,368	17,892
Payment in Lieu of Taxes		63,843	72,602
Accrued Liabilities-Other		69,214	60,478
Deferred Revenues		39,539	-
Total Current Liabilities		<u>306,206</u>	<u>279,577</u>
Accrued Pension and OPEB Liabilities		408,849	290,693
Accrued Compensated Absences - Noncurrent		192,316	161,025
Total Liabilities		<u>907,371</u>	<u>731,295</u>
<u>NET POSITION</u>			
Invested in Net Fixed Assets Net of Related Debt		10,764,906	10,345,612
Restricted Net Position		258,443	286,199
Unrestricted Net Position		2,134,781	2,918,649
Total Net Position		<u>13,158,130</u>	<u>13,550,460</u>
Total Liabilities and Net Position	\$	<u>14,065,501</u>	<u>\$ 14,281,755</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended March 31, 2014 and 2013

	For the Year Ended	
	March 31, 2014	March 31, 2013
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 1,369,173	\$ 1,360,636
HUD Grants - Operating	4,762,667	4,221,914
Other Revenues	468,377	409,370
Total Revenues	<u>6,600,217</u>	<u>5,991,920</u>
<u>OPERATING EXPENSES</u>		
Administration	873,698	788,526
Housing Assistance Payments	3,744,990	3,758,063
Tenant Services	236,099	227,288
Utilities	741,373	634,613
Ordinary Maintenance & Operations	906,804	992,639
General Expense	215,325	301,788
Depreciation Expense	479,352	469,352
Total Operating Expenses	<u>7,197,641</u>	<u>7,172,269</u>
EXCESS OF OPERATING REVENUE OVER EXPENSES	(597,424)	(1,180,349)
Non Operating Revenues/(Expenses):		
Interest Income	<u>20,494</u>	<u>38,962</u>
Income / (Loss) Before Contributions and Transfers	(576,930)	(1,141,387)
Capital Grants	<u>184,600</u>	<u>949,651</u>
INCREASE IN NET POSITION	(392,330)	(191,736)
Beginning Net Position	<u>13,550,460</u>	<u>13,742,196</u>
Ending Net Position	<u>\$ 13,158,130</u>	<u>\$ 13,550,460</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2014 and 2013

	For the Year Ended	
	March 31, 2014	March 31, 2013
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 1,408,620	\$ 1,360,571
From Government Agencies for Operating Grants	4,791,417	4,188,578
From Other Operating Revenues	468,377	409,370
Cash Paid:		
To Employees for Operations	(975,161)	(985,411)
To Suppliers for Operations	(1,885,300)	(1,785,080)
For Housing Assistance Payments	(3,744,990)	(3,758,063)
Net Cash Provided/(Used) by Operating Activities	62,963	(570,035)
<u>CASH FLOWS FROM CAPITAL AND</u>		
<u>RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	184,600	949,651
Acquisition of Property and Equipment	(896,432)	(1,972,028)
Net Cash Provided/(Used) by Capital and		
Related Financing Activities	(711,832)	(1,022,377)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Security Deposits Collected	13,816	9,043
(Purchase) Sales of Investments	483,704	1,426,529
Investment Income	17,397	55,862
Net Cash Provided by Investing Activities	514,917	1,491,434
Net increase (decrease) in Cash and Cash Equivalents	(133,952)	(100,978)
Cash and Equivalents at Beginning of Period	1,265,336	1,366,314
Cash and Equivalents at End of Period	\$ 1,131,384	\$ 1,265,336
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>		
<u>TO NET CASH PROVIDED (USED) BY OPERATIONS</u>		
Operating Income (Loss)	\$ (597,424)	\$ (1,180,349)
Adjustments to Reconcile Operating Income (Loss) to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	479,352	469,352
Decrease (Increase) in Assets		
Accounts Receivable - Tenants	(92)	149
Accounts Receivable - HUD	28,750	(33,336)
Accounts Receivable - Other	7,445	50,345
Prepaid Expenses and Other Current Assets	(15,114)	(31,148)
Increase (Decrease) in Liabilities		
Accounts Payable	(32,393)	42,748
Accrued Liabilities - Other	8,736	34,475
Deferred Revenue	39,539	(214)
Compensated Absences	34,767	(21,092)
Accrued Pension and OPEB Liabilities	118,156	99,034
PILOT Payable	(8,759)	1
Net Cash Provided/(Used) by Operating Activities	\$ 62,963	\$ (570,035)

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies:

1. Organization and Activities – The Housing Authority of The Borough of Cliffside Park (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 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 Borough of Cliffside Park, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government. Rent subsidies are provided to eligible tenants under the Federal Housing Assistance Payments (Section 8) Program.

The Authority has not identified any entities which 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.

2. Significant Accounting Policies

a. Basis of Accounting – The financial statements of the Authority are prepared using 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 are recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net position, revenue and expenses are accounted for using a single enterprise fund for the primary government.

Revenue – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development, charges to tenants and other miscellaneous revenues discussed below.

Federal Grant Revenue – Operating subsidies, Section Eight housing assistance grants and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule or as expenditures are made under the Capital Fund Program or Comprehensive Improvements Assistance Program. Under the HCV Program, the subsidy is determined based on the prior year HAP and administrative expenditures, and the overfunded or underfunded amount, if any, is to be retained by the Authority in accordance with HUD guidelines. Advance payments received for the subsequent fiscal year are recorded as deferred revenue.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS

March 31, 2014
(Continued)

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

Tenant Charges – Rental charges to tenants are determined and billed monthly and are recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in the balance sheet as accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as deferred revenue.

Miscellaneous Income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available.

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 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 Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that includes a statement of net position, a statement of activities and a statement of cash flows. It requires the classification of net position into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Position and Unrestricted Net Position. Statement No. 63 requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

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 the debt is included in the same net asset component as the unspent proceeds.

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

Unrestricted Net Position – This component consists of net assets that do not meet the definition of Restricted Net Position 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 position in accordance with Statement No. 34.

Significant 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.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014
(Continued)

NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies (Continued):

- 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. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – 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 and State income tax returns.
- 6 – Operating subsidies received from HUD are recorded as income when earned.
- 7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.
- 10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.
- 11 - 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.
- 12 – The Authority does not have any infrastructure assets for its Proprietary Fund.
- 13 – 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.
- 14 – Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2014 and 2013, the Authority has not recognized any reduction in the carrying value of its fixed assets when considering SFAS 144.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014
(Continued)

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

b. Budgetary Policy and Control – The housing 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.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the authority's name.

Cash and Cash Equivalents of \$1,131,384 and \$1,265,336 at March 31, 2014 and 2013, respectively, consisted of the following:

	<u>3/31/2014</u>	<u>3/31/2013</u>
Checking Accounts	\$ 807,041	\$ 926,903
Cash-Restricted	258,443	286,199
Tenant Security Deposit Accounts	65,850	52,184
Petty Cash Fund	<u>50</u>	<u>50</u>
Total Cash and Equivalents	<u>\$ 1,131,384</u>	<u>\$ 1,265,336</u>

The carrying amount of the Authority's cash and cash equivalents as of March 31, 2014 was \$1,131,384 and the bank balances were \$1,074,661. Of the bank balances, \$250,000 was covered by FDIC insurance and \$824,661 was covered by a collateral pool maintained by the banks as required by New Jersey statutes. Cash and cash equivalents, except petty cash are held in the Authority's name.

The Authority's cash and cash equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority. As described above, \$824,661 of the authority's deposits exceeded FDIC insurance and were covered under New Jersey's Governmental Unit Deposit Protection Act (GUDPA) which collateralizes securities held by the pledging institutions trust department but are not in the Authority's name.

NOTE 3 – Investments

Investments of \$2,052,201 consist solely of certificates of deposit with maturities in excess of three months from the date of purchase. These investments are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the authority's name.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014
(Continued)

NOTE 4 – Tenant Accounts Receivable

Tenant accounts receivable are stated net of an allowance for doubtful accounts. At March 31, 2014 and 2013 the allowance for doubtful accounts was \$0 and \$553 respectively.

NOTE 5 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the changes in general fixed assets for the fiscal year ended March 31, 2014 and 2013 respectively:

	Balance Apr. 1, 2013	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2014
Land	\$ 586,165	\$ -	\$ -	\$ -	\$ 586,165
Buildings and Improvements	15,535,279	-	-	-	15,535,279
Dwelling Equipment	693,753	-	-	-	693,753
Furniture and Equipment	967,224	100,000	-	-	1,067,224
Construction in Progress	2,468,163	134,100	-	664,546	3,266,809
Total Fixed Assets	20,250,584	234,100	-	664,546	21,149,230
Accumulated Depreciation	(9,904,972)	(479,352)	-	-	(10,384,324)
Net Fixed Assets	<u>\$ 10,345,612</u>	<u>\$ (245,252)</u>	<u>\$ -</u>	<u>\$ 664,546</u>	<u>\$ 10,764,906</u>

	Balance Apr. 1, 2012	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2013
Land	\$ 586,165	\$ -	\$ -	\$ -	\$ 586,165
Buildings and Improvements	13,980,379	-	-	1,554,900	15,535,279
Dwelling Equipment	693,753	-	-	-	693,753
Furniture and Equipment	967,224	-	-	-	967,224
Construction in Progress	2,051,035	1,972,028	-	(1,554,900)	2,468,163
Total Fixed Assets	18,278,556	1,972,028	-	-	20,250,584
Accumulated Depreciation	(9,435,620)	(469,352)	-	-	(9,904,972)
Net Fixed Assets	<u>\$ 8,842,936</u>	<u>\$ 1,502,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,345,612</u>

Depreciation expense for the fiscal years ended March 31, 2014 and 2013 amounted to \$479,352 and \$469,352, respectively.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014
(Continued)

NOTE 5 - Fixed Assets - Continued

Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$1,000 are expenses when incurred.

Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings	40
Improvements	15
Furniture	5
Equipment	5
Vehicles	5
Computers	3

NOTE 6 – 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 a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Borough. 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. During the fiscal year ended March 31, 2013 and 2013, PILOT expense was accrued in the amount of \$63,843 and \$72,602 respectively.

NOTE 7 – Accrued Compensated Absences

Accrued compensated absences of \$213,684 and \$178,917 at March 31, 2014 and 2013, respectively, represent amounts of accumulated leave for which employees are entitled to receive payment 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 at a rate of one-half of the eligible employee's rate of pay, subject to a maximum sick leave payment of \$15,000.

NOTE 8 – Pension Plan

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 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, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014
(Continued)

NOTE 8 – Pension Plan - Continued

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions 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 PERS and are billed annually to the Authority. The Authority was required to pay \$96,595 and \$92,752 into the plan during the fiscal years ended March 31, 2014 and 2013 respectively.

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 9 – Post Employment Retirement Benefits

The Authority also provides post employment health care benefits to all eligible retirees. Eligibility requires that employees have 25 years of service.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

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:

Annual Required Contribution	\$ 200,662
Interest on net OPEB obligation	\$ 14,535
Adjustment to annual required contribution	\$ (9,938)
Annual OPEB cost (expense)	\$ 202,259
Contributions made	\$ 87,103
Increase in net OPEB obligation	\$ 118,156
Net OPEB Obligation – beginning of year	\$ 290,693
Net OPEB Obligation – end of year	\$ 408,849

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014
(Continued)

NOTE 9– Other Post Employee Retirement Benefits (OPEB) - Continued

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 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
3/31/2011	\$181,921	49.1%	\$92,627
3/31/2012	\$191,390	48.1%	\$191,659
3/31/2013	\$191,390	48.1%	\$290,691
3/31/2014	\$205,259	48.1%	\$408,849

FUNDED STATUS AND FUNDING PROGRES

As of April 1, 2013, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits approximated \$ 2,706,281, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 2,706,281.

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.

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.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014
(Continued)

NOTE 9— Other Post Employee Retirement Benefits (OPEB) - Continued

Actuarial Cost Method: Projected Unit Credit
Investment Rate of Return: 6.00% per annum

<u>Year</u>	<u>Medical Including Prescription</u>
2008	Costs are Known
2009	Costs are Known
2010	Costs are Known
2011	Costs are Known
2012	8.0%
2013	7.0%
2014	6.0%
2015	5.0%

Actuarial Value of Assets: Market Value
Amortization of UAAL: Amortized as level dollar amount over 30 years at transition
Remaining Amortization Period: 28 years at April 1, 2012

Reconciliation of Plan Participation (As of April 1, 2013)

Active Employees	April 1,2013	April 1,2012
A. Average Service	10.1	9.0
B. Average Current Age	51.3	50.1

NOTE 10 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the year ended March 31, 2014 and 2013, 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. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014
(Continued)

NOTE 11 – Construction Commitments

At March 31, 2014 and 2013, 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 12 – Economic Dependency

For the year ended March 31, 2014, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

NOTE 13 – Subsequent Events

The Authority has evaluated subsequent events through October 3, 2014, the date on which the financial statements were available to be issued.

NOTE 14 – Restricted Net Position

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 position.

Administrative fees 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 CFR982.155 – 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.

The undesignated fund balance also includes interest income on HAP investments, family self sufficiency program forfeitures and fraud recoveries. The housing authority's portion of fraud recoveries (i.e., the higher of 50% of the amount collected or the reasonable and necessary costs that the PHA incurred related to the collection) must continue to be used for activities related to the provision of voucher assistance authorized under Section 8 of the United States Housing Act of 1937. The balance of the recovery amount must be maintained in the undesignated fund balance account as excess HAP.

In accordance with HUD requirements, the Agency's undesignated fund balance of the Voucher Program consists of the following components as of March 31, 2014 and 2013:

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014
(Continued)

NOTE 14 – Restricted Net Position - Continued

Administrative Fee Reserves included in Unrestricted Net Position

Administrative Fee Reserves at March 31, 2013	\$ 920,800	
Administrative Fee Revenues Earned FYE March 31, 2014	(58,720)	
Interest income on administrative fee reserves	5,533	
50% of Fraud Recoveries	<u>17,557</u>	
		<u>\$ 885,170</u>

Housing Assistance Payments Reserves included in Restricted Net Position

Housing Assistance Payments Reserves at March 31, 2013	\$ 286,199	
Unexpended Housing Assistance Payments FYE March 31, 2014	(47,627)	
Interest income on housing assistance payments reserves	2,314	
50% of Fraud Recoveries	<u>17,557</u>	
		<u>\$ 258,443</u>

Administrative Fee Reserves included in Unrestricted Net Position

Administrative Fee Reserves at March 31, 2012	\$ 930,341	
Administrative Fee Revenues Earned FYE March 31, 2013	(34,530)	
Interest income on administrative fee reserves	7,776	
50% of Fraud Recoveries	<u>17,213</u>	
		<u>\$ 920,800</u>

Housing Assistance Payments Reserves included in Restricted Net Position

Housing Assistance Payments Reserves at March 31, 2012	\$ 363,308	
Unexpended Housing Assistance Payments FYE March 31, 2013	(97,498)	
Interest income on housing assistance payments reserves	3,176	
50% of Fraud Recoveries	<u>17,213</u>	
		<u>\$ 286,199</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2014

DIRECT FEDERAL ASSISTANCE - DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LOW INCOME HOUSING PROGRAM

Operating Subsidy (CFDA# 14.850a)	\$ 855,875
Capital Fund Program (CFDA# 14.872)	<u>263,100</u>
Subtotal	<u>1,118,975</u>

<u>COMMUNITY DEVELOPMENT BLOCK GRANT (CFDA#14.218)</u>	<u>100,500</u>
--	----------------

HOUSING ASSISTANCE PAYMENTS PROGRAM

Section 8 Voucher Program (CFDA # 14.871)	<u>3,727,792</u>
Subtotal	<u>3,727,792</u>

TOTAL FEDERAL FINANCIAL ASSISTANCE	<u>\$ 4,947,267</u>
------------------------------------	---------------------

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	2 State/Local	Subtotal	Total
111 Cash - Unrestricted	\$805,346	\$122,188		\$29,557	\$957,091	\$957,091
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted		\$108,443			\$108,443	\$108,443
114 Cash - Tenant Security Deposits	\$65,850				\$65,850	\$65,850
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$871,196	\$230,631	\$0	\$29,557	\$1,131,384	\$1,131,384
121 Accounts Receivable - PHA Projects		\$876			\$876	\$876
122 Accounts Receivable - HUD Other Projects				\$4,586	\$4,586	\$4,586
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$0				\$0	\$0
126 Accounts Receivable - Tenants	\$46				\$46	\$46
126.1 Allowance for Doubtful Accounts - Tenants	\$0				\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable	\$3,443	\$2,387			\$5,830	\$5,830
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,489	\$3,263	\$0	\$4,586	\$11,338	\$11,338
131 Investments - Unrestricted	\$1,098,694	\$953,507			\$2,052,201	\$2,052,201
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$105,672				\$105,672	\$105,672
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$2,079,051	\$1,187,401	\$0	\$34,143	\$3,300,595	\$3,300,595
161 Land	\$586,165				\$586,165	\$586,165
162 Buildings	\$15,535,279				\$15,535,279	\$15,535,279
163 Furniture, Equipment & Machinery - Dwellings	\$693,753				\$693,753	\$693,753
164 Furniture, Equipment & Machinery - Administration	\$903,712	\$163,512			\$1,067,224	\$1,067,224
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$10,310,812	-\$73,512			-\$10,384,324	-\$10,384,324
167 Construction in Progress	\$3,138,934		\$127,875		\$3,266,809	\$3,266,809
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,547,031	\$90,000	\$127,875	\$0	\$10,764,906	\$10,764,906
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						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$10,547,031	\$90,000	\$127,875	\$0	\$10,764,906	\$10,764,906
190 Total Assets	\$12,626,082	\$1,277,401	\$127,875	\$34,143	\$14,065,501	\$14,065,501
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$12,626,082	\$1,277,401	\$127,875	\$34,143	\$14,065,501	\$14,065,501
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$29,612				\$29,612	\$29,612
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$11,886				\$11,886	\$11,886
322 Accrued Compensated Absences - Current Portion	\$18,572	\$2,796			\$21,368	\$21,368

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	2 State/Local	Subtotal	Total
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs		\$2,214			\$2,214	\$2,214
332 Account Payable - PHA Projects		\$2,530			\$2,530	\$2,530
333 Accounts Payable - Other Government	\$63,843				\$63,843	\$63,843
341 Tenant Security Deposits	\$66,000				\$66,000	\$66,000
342 Unearned Revenue	\$0			\$39,539	\$39,539	\$39,539
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other	\$69,214				\$69,214	\$69,214
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	\$259,127	\$7,540	\$0	\$39,539	\$306,206	\$306,206
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	\$167,149	\$25,167			\$192,316	\$192,316
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$307,768	\$101,081			\$408,849	\$408,849
350 Total Non-Current Liabilities	\$474,917	\$126,248	\$0	\$0	\$601,165	\$601,165
300 Total Liabilities	\$734,044	\$133,788	\$0	\$39,539	\$907,371	\$907,371
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$10,547,031	\$90,000	\$127,875		\$10,764,906	\$10,764,906
511.4 Restricted Net Position	\$0	\$258,443			\$258,443	\$258,443
512.4 Unrestricted Net Position	\$1,345,007	\$795,170	\$0	-\$5,396	\$2,134,781	\$2,134,781
513 Total Equity - Net Assets / Position	\$11,892,038	\$1,143,613	\$127,875	-\$5,396	\$13,158,130	\$13,158,130
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$12,626,082	\$1,277,401	\$127,875	\$34,143	\$14,065,501	\$14,065,501

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	2 State/Local	Subtotal	Total
70300 Net Tenant Rental Revenue	\$1,347,643				\$1,347,643	\$1,347,643
70400 Tenant Revenue - Other	\$21,530				\$21,530	\$21,530
70500 Total Tenant Revenue	\$1,369,173	\$0	\$0	\$0	\$1,369,173	\$1,369,173
70600 HUD PHA Operating Grants	\$1,034,875	\$3,727,792			\$4,762,667	\$4,762,667
70610 Capital Grants	\$84,100		\$100,500		\$184,600	\$184,600
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	\$12,647	\$5,533			\$18,180	\$18,180
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	\$7,236	\$35,114			\$42,350	\$42,350
71500 Other Revenue	\$62,539	\$266,924		\$96,564	\$426,027	\$426,027
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted		\$2,314			\$2,314	\$2,314
70000 Total Revenue	\$2,570,570	\$4,037,677	\$100,500	\$96,564	\$6,805,311	\$6,805,311
91100 Administrative Salaries	\$264,043	\$138,726			\$402,769	\$402,769
91200 Auditing Fees	\$5,400	\$5,400			\$10,800	\$10,800
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$172,644	\$118,635			\$291,279	\$291,279
91600 Office Expenses	\$83,719	\$52,299			\$136,018	\$136,018
91700 Legal Expense	\$19,200	\$12,800			\$32,000	\$32,000
91800 Travel	\$3,647	\$2,467			\$6,114	\$6,114
91810 Allocated Overhead						
91900 Other						
91000 Total Operating - Administrative	\$548,653	\$330,327	\$0	\$0	\$878,980	\$878,980
92000 Asset Management Fee						
92100 Tenant Services - Salaries	\$45,000		\$40,500	\$40,899	\$126,399	\$126,399
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$15,000		\$10,000	\$18,490	\$43,490	\$43,490
92400 Tenant Services - Other	\$23,639			\$42,571	\$66,210	\$66,210
92500 Total Tenant Services	\$83,639	\$0	\$50,500	\$101,960	\$236,099	\$236,099
93100 Water	\$78,949				\$78,949	\$78,949
93200 Electricity	\$386,015				\$386,015	\$386,015
93300 Gas	\$127,883				\$127,883	\$127,883
93400 Fuel						
93500 Labor	\$82,330				\$82,330	\$82,330
93600 Sewer						
93700 Employee Benefit Contributions - Utilities	\$66,196				\$66,196	\$66,196
93800 Other Utilities Expense						
93000 Total Utilities	\$741,373	\$0	\$0	\$0	\$741,373	\$741,373
94100 Ordinary Maintenance and Operations - Labor	\$364,163				\$364,163	\$364,163
94200 Ordinary Maintenance and Operations - Materials and Other	\$68,842				\$68,842	\$68,842
94300 Ordinary Maintenance and Operations Contracts	\$162,403				\$162,403	\$162,403
94500 Employee Benefit Contributions - Ordinary Maintenance	\$311,396				\$311,396	\$311,396

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	2 State/Local	Subtotal	Total
94000 Total Maintenance	\$906,804	\$0	\$0	\$0	\$906,804	\$906,804
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$60,742				\$60,742	\$60,742
96120 Liability Insurance	\$30,371				\$30,371	\$30,371
96130 Workmen's Compensation	\$30,371	\$4,885			\$35,256	\$35,256
96140 All Other Insurance						
96100 Total Insurance Premiums	\$121,484	\$4,885	\$0	\$0	\$126,369	\$126,369
96200 Other General Expenses		\$9,025			\$9,025	\$9,025
96210 Compensated Absences	\$8,970	\$1,836			\$10,806	\$10,806
96300 Payments in Lieu of Taxes	\$63,843				\$63,843	\$63,843
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$72,813	\$10,861	\$0	\$0	\$83,674	\$83,674
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	\$0	\$0
96900 Total Operating Expenses	\$2,474,766	\$346,073	\$50,500	\$101,960	\$2,973,299	\$2,973,299
97000 Excess of Operating Revenue over Operating Expenses	\$95,804	\$3,691,604	\$50,000	-\$5,396	\$3,832,012	\$3,832,012
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$3,489,667			\$3,489,667	\$3,489,667
97350 HAP Portability-In		\$255,323			\$255,323	\$255,323
97400 Depreciation Expense	\$469,352	\$10,000			\$479,352	\$479,352
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$2,944,118	\$4,101,063	\$50,500	\$101,960	\$7,197,641	\$7,197,641
10010 Operating Transfer In	\$74,000				\$74,000	\$74,000
10020 Operating transfer Out	-\$74,000				-\$74,000	-\$74,000
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	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$373,548	-\$63,386	\$50,000	-\$5,396	-\$392,330	-\$392,330

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	2 State/Local	Subtotal	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$12,265,586	\$1,206,999	\$77,875	\$0	\$13,550,460	\$13,550,460
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						
11170 Administrative Fee Equity		\$885,170			\$885,170	\$885,170
11180 Housing Assistance Payments Equity		\$258,443			\$258,443	\$258,443
11190 Unit Months Available	4212	4164	0	0	8376	8376
11210 Number of Unit Months Leased	4197	4034	0	0	8231	8231
11270 Excess Cash	\$1,520,834				\$1,520,834	\$1,520,834
11610 Land Purchases	\$0				\$0	\$0
11620 Building Purchases	\$748,646				\$748,646	\$748,646
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0	\$0
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

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS
As of March 31, 2014

	<u>NJ39P070501-09</u> <u>CFP 2009 GRANT</u>	<u>NJ39P070501-10</u> <u>CFP 2010 GRANT</u>	<u>NJ39P070501-11</u> <u>CFP 2011 GRANT</u>
Funds Approved	\$ 585,638	\$ 580,150	\$ 482,034
Funds Expended	<u>585,638</u>	<u>580,150</u>	<u>482,034</u>
Excess/(Deficiency) Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Funds Advanced	 \$ 585,638	 \$ 580,150	 \$ 482,034
Funds Expended	<u>585,638</u>	<u>580,150</u>	<u>482,034</u>
Excess/(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1. All modernization work done in connection with this program has been completed.
2. All modernization costs have been paid and all related liabilities have been discharged through payment.
3. The distribution of cost by project and account classification accompanying the Financial Status Reports and Actual Modernization Cost Certificates submitted to HUD for approval were in agreement with the PHA's records.



CERTIFIED PUBLIC ACCOUNTANTS

2035 HAMBURG TURNPIKE, UNIT H
WAYNE, NEW JERSEY 07470
TELEPHONE: (973) 831-6969
FAX: (973) 831-6972
E-MAIL: POLCARICO@OPTONLINE.NET

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

Board of Commissioners
Housing Authority of the Borough of Cliffside Park
Cliffside Park, New Jersey

We have audited, 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, the financial statements of the Housing Authority of the Borough of Cliffside Park ("the Program") as of and for the year ended March 31, 2014 and the related notes to the financial statements, which collectively comprise the Housing Authority of the Borough of Cliffside Park's basic financial statements and have issued our report thereon dated October 3, 2014.

Internal Control Over Financial Reporting

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

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Wayne, New Jersey
October 3, 2014


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS



CERTIFIED PUBLIC ACCOUNTANTS

2035 HAMBURG TURNPIKE, UNIT H
WAYNE, NEW JERSEY 07470
TELEPHONE: (973) 831-6969
FAX: (973) 831-6972
E-MAIL: POLCARICO@OPTONLINE.NET

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

Board of Commissioners
Housing Authority of the Borough of Cliffside Park
Cliffside Park, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Borough of Cliffside Park's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the Borough of Cliffside Park's major federal programs for the year ended March 31, 2014. The Housing Authority of the Borough of Cliffside Park's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the Borough of Cliffside Park's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget 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 the Housing Authority of the Borough of Cliffside Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the Borough of Cliffside Park's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Borough of Cliffside Park complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2014.

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 3, 2014

HOUSING AUTHORITY OF BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
March 31, 2014

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) Identified? _____

yes X no

Significant Deficiencies identified that are
not considered to be material weakness(es)? _____

yes X none reported

Noncompliance Material to Financial Statements Noted? _____

yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness(es) Identified? _____

yes X no

significant Deficiencies identified that are
not considered to be material weakness(es)? _____

yes X none reported

Type of audit report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of
Circular A-133 _____

yes X no

Identification of Major Programs

CFDA

Number Name of Federal Program or Cluster

14.871 Housing Choice Vouchers

Dollar Threshold used to distinguish between type A
and type B Programs

\$300,000

Auditee qualified as low-risk? _____

X yes _____ no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.