

SYNOPSIS OF THE HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK AUDIT REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2011, as required by N.J.S. 40A:5A-16. The Housing Authority of the Borough of Cliffside Park owns 354 units of family and elderly low income housing. In addition the Housing Authority administers a Section 8 Program with an additional 347 units in the community.

COMBINED COMPARATIVE BALANCE SHEET
AS OF MARCH 31

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,412,607	\$ 925,200
Investments	3,187,346	4,300,358
Accounts Receivable	99,698	36,000
Other Assets	56,107	58,193
LS&E (Net of Accumulated Depreciation)	8,732,445	7,973,895
Total Assets	<u><u>\$ 14,488,203</u></u>	<u><u>\$ 13,293,646</u></u>
LIABILITIES		
Accounts Payable	\$ 246,288	\$ 83,641
Accrued Pension and OPEB Liabilities	92,627	-
Accrued Liabilities	270,345	254,084
Total Liabilities	<u><u>609,260</u></u>	<u><u>337,725</u></u>
NET ASSETS		
Invested in Fixed Assets, Net of Related Debt	8,732,445	7,973,895
Restricted Net Assets	807,713	737,660
Unrestricted Net Assets	4,338,785	4,244,366
Total Net Assets	<u><u>13,878,943</u></u>	<u><u>12,955,921</u></u>
 Total Liabilities and Fund Equity	 <u><u>\$ 14,488,203</u></u>	 <u><u>\$ 13,293,646</u></u>

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED

	<u>3/31/2011</u>	<u>3/31/2010</u>
INCOME		
Operating Income	\$ 1,314,654	\$ 1,322,530
Operating Grants	5,059,696	4,493,574
Other Income	381,985	182,209
Total Income	<u><u>6,756,335</u></u>	<u><u>5,998,313</u></u>
EXPENDITURES		
Operating Expenditures	6,829,264	6,276,943
Total Expenditures	<u><u>6,829,264</u></u>	<u><u>6,276,943</u></u>
EXCESS (DEFICIENCY) OF		
INCOME OVER EXPENDITURES	(72,929)	(278,630)
Net Assets - Beg. of year	12,955,921	12,467,149
Prior Period Adjustments & Equity Transfers	-	-
Interest Income	71,034	110,505
Capital Grants	924,917	656,897
Net Assets - End of year	<u><u>\$ 13,878,943</u></u>	<u><u>\$ 12,955,921</u></u>

The above synopsis was prepared from the audit reports of the Housing Authority of the Borough of Cliffside Park for the years ended March 31, 2011 and 2010. The audit reports submitted by Polcari & Company, CPAs are on file at the Authority's office at 500 Gorge Road, Cliffside Park, NJ 07070-2243

Mr. Joseph Capano
Executive Director

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

COMPARATIVE FINANCIAL STATEMENTS
For the Two Years Ended March 31, 2011 and 2010

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
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MANAGEMENT'S DISCUSSION AND ANALYSIS
Housing Authority of the Borough of Cliffside Park
March 31, 2011

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, 2011. 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 \$13,878,943 (net assets) as opposed to \$12,955,921 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Assets of \$4,338,785 and \$807,713 of Restricted Net Assets.

3 – The Authority's cash and cash equivalent balance at March 31, 2011 was \$2,412,607 representing an increase of \$1,487,407 from the prior fiscal year primarily due to the maturity of about \$1,113,000 in investments.

4 – The Authority had Total Operating Revenues of \$6,756,335 and Total Operating Expenses of \$6,829,264 (including depreciation of \$414,114) for the year ended March 31, 2011.

5 – The Authority's capital outlays for the fiscal year were \$1,172,664.

6 – The Authority's Expenditures of Federal Awards amounted to \$5,984,613 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 Assets, the Comparative Statements of Revenues, Expenses, and Changes in Net Assets, and the Comparative Statements of Cash Flows.

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

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 Assets presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 19 of this report.

C The Authority as a Whole

The Authority's Net Assets increased 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 revenues were sufficient to cover all expenses, excluding depreciation during the fiscal year.

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

D Budgetary Highlights

For the year ended March 31, 2011 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 Assets 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, 2011, the Authority's investment in capital assets for its Proprietary Fund was \$8,732,445 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$924,917 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, 2010 to March 31, 2011

Unrestricted cash increased by a total of \$1,165,123. The Authority's excess revenues over expenses before depreciation, was \$341,185. Additionally, the Authority decreased its investments during the year.

Account Receivable – HUD increased by \$74,802 primarily due to the timing of the draw-downs for the operating subsidies related to the Authority's Low Rent Public Housing Program.

Accrued Interest Receivable decreased by \$31,736 due to the decline in interest rates nationwide coupled with the fact that the Authority had fewer certificates of deposits.

Construction in Progress increased due to the expenditure of ARRA funds during the year.

Accounts payable increased because the Authority accrued the cost of new refrigerators.

Other Revenue increased by \$178,449 due to the Authority reporting portability revenues instead of netting with Portability HAP expense.

Maintenance contracts increased due to masonry repairs done to the balconies of the buildings.

Extraordinary Maintenance costs pertain to the repair and replacement of portions of a retaining wall.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

G Planned Housing Authority Activities

The Authority has developed plans and specifications for 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 proposed funding sources for the project are replacement reserves, capital funds and operating funds totaling \$ 2,700,000, the projected cost of the improvements.

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, 2012.

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

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

3 – The use of the Authority's Unrestricted Net Assets of \$4,338,785 and Restricted Net assets of \$807,713 to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's Unrestricted Net Assets appear sufficient to cover any shortfall.

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 Assets is as follows:

	<u>Year Ended</u>	
	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Cash and Other Current Assets	\$ 5,755,758	\$ 5,319,751
Capital Assets - Net	<u>8,732,445</u>	<u>7,973,895</u>
Total Assets	14,488,203	13,293,646
Less: Total Liabilities	<u>(609,260)</u>	<u>(337,725)</u>
Net Assets	<u>\$ 13,878,943</u>	<u>\$ 12,955,921</u>
Net Assets		
Invested in Capital Assets	8,732,445	7,973,895
Unrestricted Net Assets	4,338,785	4,244,366
Restricted Net Assets	<u>807,713</u>	<u>737,660</u>
Total Net Assets	<u>\$ 13,878,943</u>	<u>\$ 12,955,921</u>

Computations of Changes in Net Assets are as follows:

	<u>Year Ended</u>	
	<u>March 31, 2011</u>	<u>March 31, 2010</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,314,654	\$ 1,322,530
HUD Subsidies	5,059,696	4,493,574
Other Income	<u>381,985</u>	<u>182,209</u>
Total Operating Revenues	<u>6,756,335</u>	<u>5,998,313</u>
<u>Expenses</u>		
Operating Expenses excluding depreciation	6,415,150	5,908,442
Depreciation Expense	<u>414,114</u>	<u>368,501</u>
Total Operating Expenses	<u>6,829,264</u>	<u>6,276,943</u>
Deficiency of Operating Revenues Over Expenses	(72,929)	(278,630)
<u>Non-Operating Revenues</u>		
Interest on Investments	<u>71,034</u>	<u>110,505</u>
Deficiency of Revenues Over Expenses Before Capital Grants Received	(1,895)	(168,125)
<u>Capital Grants</u>		
HUD Capital Grants	<u>924,917</u>	<u>656,897</u>
Excess Revenues/(Deficiency)	923,022	488,772
Net Assets Prior	<u>12,955,921</u>	<u>12,467,149</u>
Total Net Assets	<u>\$ 13,878,943</u>	<u>\$ 12,955,921</u>



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying Comparative Statements of Net Assets of the Housing Authority of the Borough of Cliffside Park, herein referred to as the Authority, as of March 31, 2011 and 2010, and the related comparative statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2011 and 2010, and the results of its operations, changes net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards issued by the Comptroller General of the United States, we have also issued our report dated October 7, 2011 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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. This report is an integral part of an audit performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITORS' REPORT
(Continued)

The Management's Discussion and Analysis as detailed in this report, are not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The supplemental information contained in this Report is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the 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 of the Authority. Lastly, the supplemental information on the accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Polcari & Co., CPAs

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 7, 2011

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS OF NET ASSETS
At March 31, 2011 and 2010

<u>ASSETS</u>		
<u>CURRENT ASSETS</u>	March 31, 2011	March 31, 2010
Cash and Cash Equivalents - Unrestricted	\$ 1,862,545	\$ 697,422
Cash - Restricted	524,005	213,289
Cash - Tenant Security Deposits	26,057	14,489
Investments - Unrestricted	2,903,770	3,776,562
Investments - Restricted	283,576	523,796
Accounts Receivable - Tenants (Net)	1,192	66
Accrued Interest Receivable	4,748	10,816
Accounts Receivable - HUD	74,802	-
Accounts Receivable - Other	18,956	25,118
Prepaid Expenses and Other Current Assets	56,107	58,193
Total Current Assets	<u>5,755,758</u>	<u>5,319,751</u>
<u>FIXED ASSETS</u>		
Land	586,165	586,165
Buildings and Improvements	13,922,989	13,046,746
Furniture, Equipment and Machinery	1,566,304	1,416,792
Construction in Progress	1,597,366	1,450,457
Total Fixed Assets	<u>17,672,824</u>	<u>16,500,160</u>
Less: Accumulated Depreciation	<u>(8,940,379)</u>	<u>(8,526,265)</u>
Net Fixed Assets	<u>8,732,445</u>	<u>7,973,895</u>
Total Assets	<u>\$ 14,488,203</u>	<u>\$ 13,293,646</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 246,288	\$ 83,641
Due to Tenants:		
Security Deposits	26,057	14,489
Accrued Liabilities:		
Compensated Absences - current portion	18,659	43,169
Payment in Lieu of Taxes	53,920	55,918
Deferred Revenues	3,771	12,241
Total Current Liabilities	<u>348,695</u>	<u>209,458</u>
Accrued Pension and OPEB Liabilities	92,627	-
Accrued Compensated Absences - Noncurrent	167,938	128,267
Total Liabilities	<u>609,260</u>	<u>337,725</u>
<u>NET ASSETS</u>		
Invested in Net Fixed Assets Net of Related Debt	8,732,445	7,973,895
Restricted Net Assets	807,713	737,660
Unrestricted Net Assets	4,338,785	4,244,366
Total Net Assets	<u>13,878,943</u>	<u>12,955,921</u>
Total Liabilities and Net Assets	<u>\$ 14,488,203</u>	<u>\$ 13,293,646</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended March 31, 2011 and 2010

	For the Year Ended	
	March 31, 2011	March 31, 2010
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 1,314,654	\$ 1,322,530
HUD Grants - Operating	5,059,696	4,493,574
Other Revenues	381,985	182,209
Total Revenues	<u>6,756,335</u>	<u>5,998,313</u>
<u>OPERATING EXPENSES</u>		
Administration	714,300	588,563
Housing Assistance Payments	3,583,525	3,293,727
Tenant Services	243,500	212,491
Utilities	784,159	763,359
Ordinary Maintenance & Operations	903,501	849,013
General Expense	186,165	201,289
Depreciation Expense	414,114	368,501
Total Operating Expenses	<u>6,829,264</u>	<u>6,276,943</u>
EXCESS OF OPERATING REVENUE OVER EXPENSES	(72,929)	(278,630)
Non Operating Revenues/(Expenses):		
Interest Income	<u>71,034</u>	<u>110,505</u>
Income / (Loss) Before Contributions and Transfers	(1,895)	(168,125)
Capital Grants	<u>924,917</u>	<u>656,897</u>
INCREASE IN NET ASSETS	923,022	488,772
Beginning Net Assets	<u>12,955,921</u>	<u>12,467,149</u>
Ending Net Assets	<u>\$ 13,878,943</u>	<u>\$ 12,955,921</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2011 and 2010

	For the Year Ended	
	March 31, 2011	March 31, 2010
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 1,305,058	\$ 1,334,529
From Government Agencies for Operating Grants	4,984,894	4,500,875
From Other Operating Revenues	376,790	163,215
Cash Paid:		
To Employees for Operations	(898,318)	(852,100)
To Suppliers for Operations	(1,656,622)	(1,766,783)
For Housing Assistance Payments	(3,578,330)	(3,293,727)
Net Cash Provided by Operating Activities	533,472	86,009
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	924,917	656,897
Acquisition of Property and Equipment	(1,172,664)	(664,247)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(247,747)	(7,350)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Security Deposits Collected	11,568	7,969
(Purchase) Sales of Investments	1,113,012	(423,403)
Investment Income	77,102	142,241
Net Cash Provided by Investing Activities	1,201,682	(273,193)
Net increase (decrease) in Cash and Cash Equivalents	1,487,407	(194,534)
Cash and Equivalents at Beginning of Period	925,200	1,119,734
Cash and Equivalents at End of Period	\$ 2,412,607	\$ 925,200
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</u>		
Operating Income (Loss)	\$ (72,929)	\$ (278,630)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	414,114	368,501
Decrease (Increase) in Assets		
Accounts Receivable - Tenants	(1,126)	47
Accounts Receivable - HUD	(74,802)	7,301
Accounts Receivable - Other	6,162	(18,994)
Prepaid Expenses and Other Current Assets	2,086	2,587
Increase (Decrease) in Liabilities		
Accounts Payable	162,647	(9,016)
Deferred Revenue	(8,470)	11,952
Compensated Absences	15,161	19,409
Accrued Pension and OPEB Liabilities	92,627	-
PILOT Payable	(1,998)	(17,148)
Net Cash Provided by Operating Activities	\$ 533,472	\$ 86,009

See Notes to Financial Statements

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2011

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 assets, 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 Section Eight Program, a year-end settlement is computed, and the overfunded or underfunded amount, if any, is considered to be an amount due to or from HUD. 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, 2011

(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.

b. Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America 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 assets, a statement of activities and a statement of cash flows. It requires the 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:

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 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, contributors, 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.

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.

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

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2011
(Continued)

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

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, 2011 and 2010, 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, 2011
(Continued)

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

c. **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 \$4,543,256 and \$925,200 at March 31, 2011 and 2010, respectively, consisted of the following:

	<u>3/31/2011</u>	<u>3/31/2010</u>
Checking Accounts	\$ 1,862,495	\$ 697,372
Cash - Retriected	524,005	213,289
Tenant Security Deposit Accounts	26,057	14,489
Petty Cash Fund	<u>50</u>	<u>50</u>
Total Cash and Equivalents	<u>\$ 2,412,607</u>	<u>\$ 925,200</u>

The carrying amount of the Authority's cash and cash equivalents as of March 31, 2011 was \$2,412,607 and the bank balances were \$1,459,071. Of the bank balances, \$250,000 was covered by FDIC insurance and \$1,209,071 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, \$1,209,071 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 \$3,187,346 consist solely of certificates of deposit with maturities in excess of three months from the date of purchase. This includes \$283,576 of restricted assets which represents a replacement reserve established through the capital fund program. 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, 2011
(Continued)

NOTE 4 – Restricted Net Assets

As of March 31, 2011 the authority had restricted net assets of \$807,713 which is comprised of certificates of deposit for a replacement reserve of \$419,934 in accordance with the approved Capital Fund budgets, accrued interest receivable on that reserve in the amount of \$132, and \$387,647 which represents the excess HAP revenue.

NOTE 5 – Tenant Accounts Receivable

Tenant accounts receivable are stated net of an allowance for doubtful accounts. At March 31, 2011 and 2010 the allowance for doubtful accounts was \$286.

NOTE 6 - 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, 2011 and 2010 respectively:

	Balance Apr. 1, 2010	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2011
Land	\$ 586,165	\$ -	\$ -	\$ -	\$ 586,165
Buildings and Improvements	13,046,746	70,115	-	806,128	\$ 13,922,989
Dwelling Equipment	544,241	149,512	-	-	693,753
Furniture and Equipment	872,551	-	-	-	872,551
Construction in Progress	1,450,457	953,037	-	(806,128)	1,597,366
Total Fixed Assets	16,500,160	1,172,664	-	-	17,672,824
Accumulated Depreciation	(8,526,265)	(414,114)	-	-	(8,940,379)
Net Fixed Assets	\$ 7,973,895	\$ 758,550	\$ -	\$ -	\$ 8,732,445

	Balance Apr. 1, 2009	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2010
Land	\$ 586,165	\$ -	\$ -	\$ -	\$ 586,165
Buildings and Improvements	13,046,746	-	-	-	\$ 13,046,746
Dwelling Equipment	544,241	-	-	-	544,241
Furniture and Equipment	865,201	7,350	-	-	872,551
Construction in Progress	793,560	656,897	-	-	1,450,457
Total Fixed Assets	15,835,913	664,247	-	-	16,500,160
Accumulated Depreciation	(8,157,764)	(368,501)	-	-	(8,526,265)
Net Fixed Assets	\$ 7,678,149	\$ 295,746	\$ -	\$ -	\$ 7,973,895

Depreciation expense for the fiscal years ended March 31, 2011 and 2010 amounted to \$414,114 and \$368,501, respectively.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2011
(Continued)

NOTE 6 - 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 7 - 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, 2011 and 2010, PILOT expense was accrued in the amount of \$53,920 and \$55,918 respectively.

NOTE 8 - Accrued Compensated Absences

Accrued compensated absences of \$186,597 and \$171,436 at March 31, 2011 and 2010, 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 9 - 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, 2011

(Continued)

NOTE 9 – 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 \$82,052 into the plan during the fiscal year ended March 31, 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 10 – 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	\$ 181,921
Interest on net OPEB obligation	\$ 0
Adjustment to annual required contribution	\$ 0
Annual OPEB cost (expense)	\$ 181,921
Contributions made	\$ 89,294
Increase in net OPEB obligation	\$ 92,627
Net OPEB Obligation – beginning of year	\$ 0
Net OPEB Obligation – end of year	\$ 92,627

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2011
(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 2011 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
3/31/2009	N/A	N/A	N/A
3/31/2010	N/A	N/A	N/A
3/31/2011	\$181,921	49.1%	\$92,627

FUNDED STATUS AND FUNDING PROGRES

As of April 1, 2010, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$ 2,432,995, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 2,432,995.

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

EFFECT OF 1% CHANGE IN HEALTHCARE TREND RATES

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Actuarial Accrued Liability would increase 15.2% or \$2,802,455 for March 31, 2011.

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, 2011
(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	9.0%
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: 29 years at April 1, 2011

Reconciliation of Plan Participation (As of April 1, 2010)

Active Employees	April 1, 2010	April 1, 2009
A. Average Service	7.0	N/A
B. Average Current Age	48.1	N/A

NOTE 11 – 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, 2011 and 2010, 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, 2011
(Continued)

NOTE 12 – Construction Commitments

At March 31, 2011 and 2010, 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 13 – Economic Dependency

For the year ended March 31, 2011, 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 14 – Subsequent Events

The Authority has evaluated subsequent events through October 7, 2011, the date on which the financial statements were available to be issued.

NOTE 15 – Restricted Net Assets

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 also part of the undesignated fund balance and are considered to be "administrative fee reserves". Administrative fee reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR 982.155 – i.e. "other housing purposes permitted by state 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, 2011 and 2010:

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2011
(Continued)

NOTE 15 – Restricted Net Assets - Continued

Administrative Fee Reserves included in Unrestricted Net Assets

Administrative Fee Reserves at March 31, 2010	\$ 908,454	
Administrative Fee Revenues Earned FYE March 31, 2011	61,288	
Interest income on administrative fee reserves	4,278	
50% of Fraud Recoveries	<u>4,641</u>	
		<u>\$ 978,661</u>

Housing Assistance Payments Reserves included in Restricted Net Assets

Housing Assistance Payments Reserves at March 31, 2010	\$ 295,662	
Unexpended Housing Assistance Payments FYE March 31, 2011	74,512	
Interest income on housing assistance payments reserves	12,833	
50% of Fraud Recoveries	<u>4,641</u>	
		<u>\$ 387,648</u>

Administrative Fee Reserves included in Unrestricted Net Assets

Administrative Fee Reserves at March 31, 2009	\$ 817,941	
Administrative Fee Revenues Earned FYE March 31, 2010	69,704	
Interest income on administrative fee reserves	15,210	
50% of Fraud Recoveries	<u>5,599</u>	
		<u>\$ 908,454</u>

Housing Assistance Payments Reserves included in Restricted Net Assets

Housing Assistance Payments Reserves at March 31, 2009	\$ 439,435	
Unexpended Housing Assistance Payments FYE March 31, 2010	(156,873)	
Interest income on housing assistance payments reserves	7,501	
50% of Fraud Recoveries	<u>5,599</u>	
		<u>\$ 295,662</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, 2011

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
DIRECT FEDERAL ASSISTANCE - DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA# 14.850a)	\$ -	\$ 1,059,367	\$ 1,059,367	\$ -
Capital Fund Program (CFDA# 14.872)		438,856	438,856	-
Formula Capital Fund Grant (CFDA# 14.885)	\$ -	632,782	632,782	\$ -
Subtotal	-	2,131,005	2,131,005	-
<u>HOUSING ASSISTANCE PAYMENTS PROGRAM</u>				
Section 8 Voucher Program (CFDA # 14.871)	-	3,853,608	3,853,608	-
Subtotal	-	3,853,608	3,853,608	-
TOTAL FEDERAL FINANCIAL ASSISTANCE	<u>\$ -</u>	<u>\$ 5,984,613</u>	<u>\$ 5,984,613</u>	<u>\$ -</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: 03/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
111 Cash - Unrestricted	\$865,883	\$996,662		\$1,862,545	\$1,862,545
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$136,358	\$387,647		\$524,005	\$524,005
114 Cash - Tenant Security Deposits	\$26,057			\$26,057	\$26,057
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$1,028,298	\$1,384,309	\$0	\$2,412,607	\$2,412,607
121 Accounts Receivable - PHA Projects		\$6,280		\$6,280	\$6,280
122 Accounts Receivable - HUD Other Projects	\$74,802			\$74,802	\$74,802
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$12,676			\$12,676	\$12,676
126 Accounts Receivable - Tenants	\$1,478			\$1,478	\$1,478
126.1 Allowance for Doubtful Accounts - Tenants	-\$286			-\$286	-\$286
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	\$3,365	\$1,383		\$4,748	\$4,748
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$92,035	\$7,663	\$0	\$99,698	\$99,698
131 Investments - Unrestricted	\$2,903,770			\$2,903,770	\$2,903,770
132 Investments - Restricted	\$283,576			\$283,576	\$283,576
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$56,107			\$56,107	\$56,107
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$4,363,786	\$1,391,972	\$0	\$5,755,758	\$5,755,758
161 Land	\$586,165			\$586,165	\$586,165
162 Buildings	\$13,922,989			\$13,922,989	\$13,922,989
163 Furniture, Equipment & Machinery - Dwellings	\$693,753			\$693,753	\$693,753
164 Furniture, Equipment & Machinery - Administration	\$872,551			\$872,551	\$872,551
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$8,940,379			-\$8,940,379	-\$8,940,379
167 Construction in Progress	\$1,597,366			\$1,597,366	\$1,597,366
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,732,445	\$0	\$0	\$8,732,445	\$8,732,445
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	\$8,732,445	\$0	\$0	\$8,732,445	\$8,732,445
190 Total Assets	\$13,096,231	\$1,391,972	\$0	\$14,488,203	\$14,488,203
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$229,344			\$229,344	\$229,344
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$16,944			\$16,944	\$16,944
322 Accrued Compensated Absences - Current Portion	\$16,093	\$2,566		\$18,659	\$18,659

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

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2011

	Project Total	14,871 Housing Choice Vouchers	14,885 Formula Capital Fund Stimulus Grant	Subtotal	Total
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$53,920			\$53,920	\$53,920
341 Tenant Security Deposits	\$26,057			\$26,057	\$26,057
342 Deferred Revenues	\$3,771			\$3,771	\$3,771
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					
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$346,129	\$2,566	\$0	\$348,695	\$348,695
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	\$144,840	\$23,098		\$167,938	\$167,938
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$76,452	\$16,175		\$92,627	\$92,627
350 Total Non-Current Liabilities	\$221,292	\$39,273	\$0	\$260,565	\$260,565
300 Total Liabilities	\$567,421	\$41,839	\$0	\$609,260	\$609,260
508.1 Invested In Capital Assets, Net of Related Debt	\$8,732,445	\$0	\$0	\$8,732,445	\$8,732,445
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets	\$420,066	\$387,647	\$0	\$807,713	\$807,713
512.1 Unrestricted Net Assets	\$3,376,299	\$962,486	\$0	\$4,338,785	\$4,338,785
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$12,528,810	\$1,350,133	\$0	\$13,878,943	\$13,878,943
600 Total Liabilities and Equity/Net Assets	\$13,096,231	\$1,391,972	\$0	\$14,488,203	\$14,488,203

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

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
70300 Net Tenant Rental Revenue	\$1,293,319			\$1,293,319	\$1,293,319
70400 Tenant Revenue - Other	\$21,335			\$21,335	\$21,335
70500 Total Tenant Revenue	\$1,314,654	\$0	\$0	\$1,314,654	\$1,314,654
70600 HUD PHA Operating Grants	\$1,206,088	\$3,853,608		\$5,059,696	\$5,059,696
70610 Capital Grants	\$292,135		\$632,782	\$924,917	\$924,917
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	\$47,991	\$4,278		\$52,269	\$52,269
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$5,005	\$9,281		\$14,286	\$14,286
71500 Other Revenue	\$184,055	\$183,644		\$367,699	\$367,699
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted	\$5,932	\$12,833		\$18,765	\$18,765
70000 Total Revenue	\$3,055,860	\$4,063,644	\$632,782	\$7,752,286	\$7,752,286
91100 Administrative Salaries	\$173,152	\$156,866		\$330,018	\$330,018
91200 Auditing Fees	\$5,115	\$5,115		\$10,230	\$10,230
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$127,499	\$85,405		\$212,904	\$212,904
91600 Office Expenses	\$63,564	\$47,286		\$110,850	\$110,850
91700 Legal Expense	\$29,884	\$12,455		\$42,339	\$42,339
91800 Travel	\$4,507	\$3,452		\$7,959	\$7,959
91810 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$403,721	\$310,579	\$0	\$714,300	\$714,300
92000 Asset Management Fee					
92100 Tenant Services - Salaries	\$134,038			\$134,038	\$134,038
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$96,055			\$96,055	\$96,055
92400 Tenant Services - Other	\$13,407			\$13,407	\$13,407
92500 Total Tenant Services	\$243,500	\$0	\$0	\$243,500	\$243,500
93100 Water	\$71,037			\$71,037	\$71,037
93200 Electricity	\$390,243			\$390,243	\$390,243
93300 Gas	\$174,935			\$174,935	\$174,935
93400 Fuel					
93500 Labor	\$84,417			\$84,417	\$84,417
93600 Sewer					
93700 Employee Benefit Contributions - Utilities	\$63,527			\$63,527	\$63,527
93800 Other Utilities Expense					
93000 Total Utilities	\$784,159	\$0	\$0	\$784,159	\$784,159

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

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor	\$349,845			\$349,845	\$349,845
94200 Ordinary Maintenance and Operations - Materials and Other	\$71,096			\$71,096	\$71,096
94300 Ordinary Maintenance and Operations Contracts	\$236,334			\$236,334	\$236,334
94500 Employee Benefit Contributions - Ordinary Maintenance	\$246,226			\$246,226	\$246,226
94000 Total Maintenance	\$903,501	\$0	\$0	\$903,501	\$903,501
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
96110 Property Insurance	\$37,902			\$37,902	\$37,902
96120 Liability Insurance	\$25,851			\$25,851	\$25,851
96130 Workmen's Compensation	\$18,951	\$14,600		\$33,551	\$33,551
96140 All Other Insurance					
96100 Total Insurance Premiums	\$82,704	\$14,600	\$0	\$97,304	\$97,304
96200 Other General Expenses					
96210 Compensated Absences	\$10,980	\$8,923		\$19,903	\$19,903
96300 Payments in Lieu of Taxes	\$53,920			\$53,920	\$53,920
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$64,900	\$8,923	\$0	\$73,823	\$73,823
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
96900 Total Operating Expenses	\$2,482,485	\$334,102	\$0	\$2,816,587	\$2,816,587
97000 Excess of Operating Revenue over Operating Expenses	\$573,375	\$3,729,542	\$632,782	\$4,935,699	\$4,935,699
97100 Extraordinary Maintenance	\$15,038			\$15,038	\$15,038
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$3,409,657		\$3,409,657	\$3,409,657
97350 HAP Portability-In		\$173,868		\$173,868	\$173,868
97400 Depreciation Expense	\$414,114			\$414,114	\$414,114
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$2,911,637	\$3,917,627	\$0	\$6,829,264	\$6,829,264
10010 Operating Transfer In	\$145,782			\$145,782	\$145,782
10020 Operating transfer Out	-\$145,782			-\$145,782	-\$145,782
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					

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

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2011

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$144,223	\$146,017	\$632,782	\$923,022	\$923,022
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$11,751,805	\$1,204,116	\$0	\$12,955,921	\$12,955,921
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$632,782		-\$632,782	\$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		\$962,486		\$962,486	\$962,486
11180 Housing Assistance Payments Equity		\$387,647		\$387,647	\$387,647
11190 Unit Months Available	4212	4164	0	8376	8376
11210 Number of Unit Months Leased	3875	4060	0	7935	7935
11270 Excess Cash	\$3,341,192			\$3,341,192	\$3,341,192
11610 Land Purchases	\$0			\$0	\$0
11620 Building Purchases	\$924,917			\$924,917	\$924,917
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	\$0
11650 Leasehold Improvements Purchases	\$0			\$0	\$0
11680 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, 2011

	<u>NJ39 P070 501-07</u> <u>CFP 2007 GRANT</u>
Funds Approved	\$ 556,655
Funds Expended	<u>556,655</u>
Excess/(Deficiency) Approved	<u>\$ -</u>
Funds Advanced	\$ 556,655
Funds Expended	<u>556,655</u>
Excess/(Deficiency) of Advances	<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 on 09/23/2010 were in agreement with the PHA's records.



CERTIFIED PUBLIC ACCOUNTANTS

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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

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

We have audited the financial statements of the Housing Authority of the Borough of Cliffside Park as of and for the year ended March 31, 2011 and have issued our report thereon dated October 7, 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 Housing Authority of the Borough of Cliffside Park's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 would not necessarily identify all deficiencies in internal control 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.

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

(Continued)

Compliance

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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, the Board of Commissioners, and the U.S. Department of Housing and Urban Development and the New Jersey Department of Community Affairs, Division of Local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

Polcari & Co. CPAs

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 7, 2011



CERTIFIED PUBLIC ACCOUNTANTS

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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

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

Compliance

We have audited the Housing Authority of the Borough of Cliffside Park'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 Entity's major federal programs for the year ended March 31, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the Borough of Cliffside Park's management. Our responsibility is to express an opinion on the 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 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'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 the Housing Authority of the Borough of Cliffside Park's compliance with those requirements.

In our opinion, the Housing Authority of the Borough of Cliffside Park complied, in all material respects, with the 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, 2011.

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
(Continued)

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 requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the housing authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 the Authority's internal control over compliance.

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

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

This report is intended solely for the information of management, the Board of Commissioners, the U. S. Department of Housing and Urban Development, and the State of New Jersey Department of Community Affairs, Division of local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

Polcari & Co., CPAs

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 7, 2011

HOUSING AUTHORITY OF BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
March 31, 2010

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:

Unqualified

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:

Unqualified

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	
<u>Number</u>	<u>Name of Federal Program or Cluster</u>
14.850a	Operating Subsidy
14.872	Capital Fund Program
14.885	Formula Capital Fund Stimulus Grant

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.