

**Report On Audit**

**HOUSING AUTHORITY OF  
WEST NEW YORK**

**For the Year Ended  
September 30, 2015**

**Housing Authority of West New York**  
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### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of West New York  
6100 Adams Street  
West New York, New Jersey 07093

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of West New York (a governmental public corporation) in West New York, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of September 30, 2015, and the related statement of revenue, expenses and changes in net position, statement of 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Housing Authority of West New York'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 Housing Authority of West New York's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of West New York as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year's then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Method of Accounting for Pensions**

As discussed in Note 1 to the financial statements, the Authority changed its method for accounting and financial reporting of pensions as a result of the adoption of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and PERS supplemental information on pages 4 through 16 and pages 54-55 be presented to supplement the basic financial statements. Such information, although not a part of the 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 accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. 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. The Schedule of Federal Awards and the Financial Data Schedule are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other financial and statistical information have not been subjected to the auditing procedures in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued reports dated February 25, 2016 on our consideration of the Housing Authority of West New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Hymanson, Parnes & Giampaolo**

Lincroft, New Jersey

Date: February 25, 2016

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

As Management of the Housing Authority of West New York (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 17 of this report. New standards issued by GASB have significantly changed the format of the financial statements. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**FINANCIAL HIGHLIGHTS**

Net position of the Authority's was \$29,066,216 greater than the liabilities, a decrease in the financial position of \$3,430,961 or 11% percent.

As noted above, the net position of the Authority exceeded its liabilities by \$29,066,216 as of September 30, 2015. Of this amount, the unrestricted net position is \$3,852,042 representing a decrease of \$3,629,607 or 49% percent from the previous year. During the year, the Authority had a prior period adjustment in the amount of (\$3,572,451) for the recording of the Net Pension Liability. This adjustment was due to the implementation of GASB 68.

The restricted net position decreased \$19,659 or 35% percent from the prior year for and ending balance of \$36,251. The net investment in capital assets increased \$218,305 or 1% percent for an ending balance of \$25,177,923. Additional information on the Authority's restricted and unrestricted net position can be found in Notes 19 and 20 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at September 30, 2015 is \$5,106,711 representing an increase of \$853,411 or 20% percent from the prior fiscal year. Total restricted cash decreased \$18,052 or 7% percent for an ending balance of \$244,192. The full detail of this amount can be found in the Statement of Cash Flow on pages 20-21 of this report.

The Authority's total assets and deferred outflows are \$39,620,364 of which capital assets net book value is \$29,162,923, deferred outflows is \$532,261, leaving total current assets at \$9,925,180. Total current assets increased from the previous year by \$524,584 or 6% percent. Unrestricted cash and cash equivalents increased by \$853,411, restricted cash and cash equivalents decreased \$18,052, accounts receivables decreased by \$315,976, and prepaid expenses increased by \$5,201. Accounts receivables decrease was mainly due to decrease in HUD receivables.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$76,695 or less than 1% percent. The major factors that contributed for the decrease was the purchase of fixed assets in the amount of \$636,775, less the recording of depreciation expense in the amount of \$713,470. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 8 Fixed Assets.

The Authority changed its method for accounting and financial reporting of pensions as a result of the adoption of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* resulted in an increase in the deferred outflow for the pension cost in the amount of \$532,261. The Authority also reported an increase in the deferred inflow for the pension cost in the amount of \$234,445. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements section Note – 9 Deferred Outflows/Inflows of Resources.

The Authority's total liabilities are reported at \$10,319,703, of which noncurrent liabilities are stated at \$9,304,676. Total liabilities increased during the year as compared to the prior year in the amount of \$4,176,666 or 68% percent. Total current liabilities increased during the year by \$179,064, leaving non-current liabilities for an increase of \$3,997,602 as compared to the previous fiscal year.

Total current liabilities increased from the previous year by \$179,064 or 21% percent. Accounts payables increased by \$103,527, accrued liabilities increased by \$61,053, tenant security deposit payable increased by \$1,556, unearned revenue increased \$2,928 and bonds payable current portion increased by \$10,000.

Total noncurrent liabilities increased by \$3,997,602 or 75% percent. Bonds payable – noncurrent decreased in the amount of \$305,000 for an ending balance of \$3,680,000, and long-term obligations for compensated absences increased in the amount of \$8,305 for an ending balance of \$330,570. Accrued pension and other post-employment benefits (OPEB) liabilities increased \$4,294,297 or 430% percent for an ending balance of \$5,294,106. Accrued pension and OPEB increased in part due to the adoption of GASB 68 by the Authority. Additional information on GASB 68's effect and the Authority's accrued pension and OPEB liabilities at September 30, 2015 can be found in Notes 17-18 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$9,874,745 as compared to \$9,812,944 from the prior year for an increase of \$61,801 or 1% percent. The Authority had total operating expenses of \$10,603,150 as compared to \$10,768,415 from the previous year for a decrease of \$165,265 or 2% percent, resulting in a deficiency of revenue from operations in the amount of \$728,405 for the current year as compared to a deficiency of revenue from operations in the amount of \$955,471 for a decrease in deficit of \$227,066 from the previous year. This was after consideration of depreciation expense and the pension liability increase.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Total capital improvements contributions from HUD were in the amount of \$859,699 as compared to \$695,927 from the previous year for an increase of \$163,772 or 24% percent. The Authority's had capital outlays in the amount of \$636,775 as well as payments for capital bond principal which amounted to \$295,000 for the fiscal year. These expenditures were funded by grants received during the year from the U.S. Department of Housing and Urban Development and the excess of those amounts were funded from management's reserves. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$7,052,618 for the fiscal year 2015 as compared to \$6,460,764 for the previous fiscal year 2014 for an increase of \$591,854 or 9% percent.

**USING THIS ANNUAL REPORT**

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

1. Low Rent Public Housing
2. Housing Choice Vouchers
3. Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

This discussion and analysis are intended to serves as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flow
- 4) Notes to the Financial Statements
- 5) Schedule of Expenditures of Federal Awards

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's 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 17 through 21.



**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

Statement of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

Statement of Cash Flow– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable, etc.).

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 22 through 52.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

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 53 of this report.

**Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

1. form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
  
2. **Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A- 133 establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of West New York are those which equal or exceeded \$300,000 in expenditures for the fiscal year ended September 30, 2015. Type B programs for the Housing Authority of West New York are those which are less than \$300,000 in expenditures for the fiscal year ended September 30, 2015.

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)**

The following summarizes the computation of Net Position between September 30, 2015 and September 30, 2014:

	<u>Year Ended</u>		Increase
	September-15	September-14	(Decrease)
Cash	\$ 5,350,903	\$ 4,515,544	\$ 835,359
Other Current Assets	4,574,277	4,885,052	(310,775)
Capital Assets - Net	29,162,923	29,239,618	(76,695)
Deferred Outflows	532,261	-	532,261
Total Assets	39,620,364	38,640,214	980,150
Less: Current Liabilities	(1,015,027)	(835,963)	(179,064)
Less: Non Current Liabilities	(9,304,676)	(5,307,074)	(3,997,602)
Less: Deferred Inflows	(234,445)	-	(234,445)
Net Position	<u>\$ 29,066,216</u>	<u>\$ 32,497,177</u>	<u>\$ (3,430,961)</u>
Net Investment in Capital Assets	\$ 25,177,923	\$ 24,959,618	\$ 218,305
Restricted Net Position	36,251	55,910	(19,659)
Unrestricted Net Position	3,852,042	7,481,649	(3,629,607)
Net Position	<u>\$ 29,066,216</u>	<u>\$ 32,497,177</u>	<u>\$ (3,430,961)</u>

Cash increased by \$835,359 or 18% percent. Net cash provided by operating activities was \$464,904, net cash provided by capital and related financing activities was \$360,259, and net cash provided by investing activities was \$10,196. The full detail of this amount can be found in the Statement of Cash Flow on pages 20-21 of this audit report.

Other current assets decreased \$310,775. Account receivable decreased \$315,976 mainly due to a decrease in operating subsidy receivable, and prepaid expenses increased \$5,201 or 8% percent.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) – CONTINUED**

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$76,695 or 1% percent. The major factors that contributed for the decrease was the purchase of fixed assets in the amount of \$636,775, less the recording of depreciation expense in the amount of \$713,470. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 8 Fixed Assets.

The Authority deferred outflow for the pension cost increased in the amount of \$532,261. The Authority also reported an increase in the deferred inflow for the pension cost in the amount of \$234,445.

Total current liabilities increased from the previous year by \$179,064 or 21% percent. Accounts payables increased by \$103,527, accrued liabilities increased by \$61,053, tenant security deposit payable increased by \$1,556, unearned revenue increased \$2,928 and bonds payable current portion increased by \$10,000.

Total noncurrent liabilities increased by \$3,997,602 or 75% percent. Bonds payable – noncurrent decreased in the amount of \$305,000 for an ending balance of \$3,680,000, and long-term obligations for compensated absences increased in the amount of \$8,305 for an ending balance of \$330,570. Accrued pension and other post-employment benefits (OPEB) liabilities increased \$4,294,297 or 430% percent for an ending balance of \$5,294,106.

The Authority's reported net position of \$29,066,216 is made up of three categories. The net investment in capital assets in the amount of \$25,177,923 represents 87% percent of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance September 30, 2014	\$ 24,959,618
Acquisition in Fixed Assets	636,775
Depreciation Expense	(713,470)
Debt Payment	295,000
Balance September 30, 2015	\$ 25,177,923

The Authority reported a restricted net position of \$36,251, a decrease of \$19,659 from the prior year. This balance represents available resources that may be used only for specific purposes stipulated by the grantor. The account balance consists of the amount of cash that is restricted for the Housing Choice Voucher program, and the capital fund leveraging program. Additional information on these funds can be found in Note 4 Restricted Cash and Note 19 Restricted Net Position.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The Housing Authority of West New York operating results for September 30, 2015 reported a decrease in unrestricted position of \$3,629,607 or 49% percent for an ending balance of \$3,852,042. During the year, the Authority had a prior period adjustment in the amount of (\$3,572,451) for the recording of the Net Pension Liability. This adjustment was due to the implementation of GASB 68. A full detail of these accounts can be found in the Notes to the Financial Statements section Note – 20 Unrestricted Net Position.

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

The following summarizes the changes in Net Position between September 30, 2015 and September 30, 2014:

	<u>Year Ended</u>		Increase (Decrease)
	September-15	September-14	
<u>Revenues</u>			
Tenant Revenues	\$ 2,850,411	\$ 2,888,637	\$ (38,226)
HUD Subsidies	6,192,916	5,764,837	428,079
Other Revenues	831,418	1,159,470	(328,052)
Total Operating Income	<u>9,874,745</u>	<u>9,812,944</u>	<u>61,801</u>
<u>Expenses</u>			
Operating Expenses	9,889,680	10,116,870	(227,190)
Depreciation Expense	713,470	651,545	61,925
Total Operating Expenses	<u>10,603,150</u>	<u>10,768,415</u>	<u>(165,265)</u>
Operating (Loss)			
Before Capital Grants	(728,405)	(955,471)	227,066
Interest Income	10,196	7,662	2,534
HUD Capital Grants	859,699	695,927	163,772
Increase in Net Position	<u>141,490</u>	<u>(251,882)</u>	<u>393,372</u>
Net Position Prior Year	32,497,177	32,749,059	(251,882)
Prior Period Adjustment	(3,572,451)	-	(3,572,451)
Total Net Position	<u>\$ 29,066,216</u>	<u>\$ 32,497,177</u>	<u>\$ (3,430,961)</u>

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

Approximately 63% percent of the Authority's total operating revenue was provided by HUD operating subsidy, while 29% percent resulted from tenant revenue. Charges for various services provided the remaining 8% percent of the total operating income.

Total capital improvements contributions from HUD were in the amount of \$859,699 as compared to \$695,927 from the previous year for an increase of \$163,772 or 24% percent. The Authority's had capital outlays in the amount of \$636,775 as well as payments for capital bond principal which amounted to \$295,000 for the fiscal year. Excess amounts were funded from management's reserves. The current year additions included electrical repairs and upgrades, boiler repairs and upgrades, elevator improvements, ranges and refrigerators, plumbing improvements, and floor replacements.

The Authority's operating expenses cover a range of expenses. The largest expense was for housing assistance payment expenses representing 31% percent of total operating expenses. Administrative expenses accounted for 16% percent, tenant services accounted for less than 1% percent, utilities expense accounted for 18% percent, maintenance expense accounted for 16% percent, protective services accounted for 3% percent, other operating expenses accounted for 6% percent, interest expense accounted for 2%, and depreciation accounted for the remaining 7% percent of the total operating expenses.

The Authority operating expenses exceeded its operating revenue resulting in a deficiency of revenue from operations in the amount of \$728,405 from operations as compared to excess expenses from operations of \$955,471 for the previous year. The key elements for the decrease in deficit in comparison to the prior year are as follow:

- The Authority experienced an increase in Housing and Urban Development funded Operating Grants in the amount of \$428,079 or 7% percent
- The Authority experienced increases expenses as listed below:
  - Administrative expenses increased \$256,408 or 18% percent
  - Maintenance increased \$262,969 or 18% percent
  - Protective Services increased \$24,809 or 9% percent
- The Authority experienced decreases in the following expenses:
  - Utility expenses decreased \$130,953 or 6% percent
  - Housing Assistance Payments decreased \$260,622 or 7% percent
  - Other operating expenses decreased \$340,404 or 32% percent.

Total net cash provided by operating activities during the year was \$464,904 as compared to cash used in the amount of \$1,358,060 in the prior fiscal year. A full detail of these amounts can be found on the Statement of Cash Flow on pages 20-21 of this report.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The following are financial highlights of significant items for a four year period of time ending on September 30, 2015:

	September-15	September-14	September-13	September-12
<b>Significant Income</b>				
Total Tenant Revenue	\$ 2,850,411	\$ 2,888,637	\$ 2,817,832	\$ 2,797,353
HUD Operating Grants	6,192,916	5,764,837	6,049,197	5,875,004
HUD Capital Grants	859,699	695,927	716,542	266,009
Investment Income	10,196	7,662	13,916	15,531
Other Income - HAP Port In's	437,844	757,370	858,106	972,244
Other Income	393,574	402,100	332,643	403,207
<b>Total</b>	<b>\$ 10,744,640</b>	<b>\$ 10,516,533</b>	<b>\$ 10,788,236</b>	<b>\$ 10,329,348</b>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 701,300	\$ 636,370	\$ 773,678	\$ 726,143
Tenant Services Salaries	12,375	16,448	16,012	28,183
Utilities Labor	116,652	123,674	121,579	108,075
Maintenance Labor	512,136	448,144	359,791	321,623
Protective Services - Labor	166,351	150,963	145,991	204,458
Employee Benefits Expense	1,309,740	1,488,619	1,306,693	915,015
<b>Total Payroll Expense</b>	<b>\$ 2,818,554</b>	<b>\$ 2,864,218</b>	<b>\$ 2,723,744</b>	<b>\$ 2,303,497</b>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 391,584	\$ 360,858	\$ 317,079	\$ 376,118
Utilities Expense	1,722,165	1,834,896	1,722,229	1,635,350
Maintenance Materials Cost	215,547	171,702	115,833	150,592
Maintenance Contract Cost	572,753	450,283	461,705	488,413
Insurance Premiums	211,593	222,678	219,866	224,541
Housing Assistance Payments	2,855,405	2,813,690	2,889,863	2,974,776
HAP - Port In's	411,108	713,445	804,644	972,244
<b>Total</b>	<b>\$ 6,380,155</b>	<b>\$ 6,567,552</b>	<b>\$ 6,531,219</b>	<b>\$ 6,822,034</b>
<b>Total Operating Expenses</b>	<b>\$ 10,603,150</b>	<b>\$ 10,768,415</b>	<b>\$ 10,236,208</b>	<b>\$ 10,286,577</b>
<b>Total of Federal Awards</b>	<b>\$ 7,052,615</b>	<b>\$ 6,460,764</b>	<b>\$ 6,765,739</b>	<b>\$ 6,141,013</b>

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**THE AUTHORITY AS A WHOLE**

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were not sufficient to cover all expenses excluding depreciation expense. The Authority's unrestricted net position appears sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

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

**HOUSING AUTHORITY OF WEST NEW YORK PROGRAMS**

Public Housing Program:

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

Capital Fund Program:

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

Housing Choice Voucher Program

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

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**BUDGETARY HIGHLIGHTS**

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

**NEW INITIATIVES**

For the fiscal year 2015 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 66% percent of its revenue from the Department of Housing and Urban Development, (2014 fiscal year was 61% percent), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services.

The Authority is under way with a RAD conversion application for the 2016 year. Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of West New York all the while being mindful of their responsibility to be good stewards of the public's tax dollars.



**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

1 – Capital Assets

The Authority's investment in capital assets as of September 30, 2015 was \$29,162,923 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$76,695 or 1% percent. Major capital expenditures of \$636,775 were made during the year. Major capital assets events during the fiscal year included the following:

- Plumbing Improvements
- Ranges and Refrigerators
- Boiler Improvements
- Electrical Improvements
- Elevator Improvements
- Floor Replacements

	September-15	September-14	Increase (Decrease)
Land	\$ 869,657	\$ 869,657	\$ -
Building	27,500,346	27,484,427	15,919
Furniture, Equipment - Dwelling	1,298,121	1,245,141	52,980
Furniture, Equipment - Administration	445,387	442,214	3,173
Construction in Process	12,469,808	11,905,105	564,703
Total Capital Assets	42,583,319	41,946,544	636,775
Less: Accumulated Depreciation	(13,420,396)	(12,706,926)	(713,470)
Net Book Value	<u>\$ 29,162,923</u>	<u>\$ 29,239,618</u>	<u>\$ (76,695)</u>

Additional information on the Authority's capital assets can be found in Note 8 to the financial statements, which is included in this report.

2 – Debt Administration

The Authority has participated in the New Jersey pooled leveraging program. Through this financing of majority capital projects will be completed on an expedited basis. Restricted Cash relating to the bonded debt stood at \$6,432 at the end of the fiscal year, with Capital Project Bond payable of \$3,985,000 in outstanding debt. A full disclosure of loans payable at September 30, 2015 can be found in Note 15 to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2015**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority of West New York is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

The capital budgets for the 2016 fiscal year have already been submitted to HUD for approval and no major changes are expected. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2016.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

**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 Mr. Robert A. DiVincent, Executive Director, Housing Authority of West New York, 6100 Adams Street, West New York, New Jersey 07093, phone number (201) 868-6100.

**HOUSING AUTHORITY OF WEST NEW YORK**  
**STATEMENT OF NET POSITION - 1**  
**AS OF SEPTEMBER 30, 2015**

	2015
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents - Unrestricted	\$ 5,106,711
Cash and Cash Equivalents - Restricted	244,192
Accounts Receivables, Net of Allowances	4,503,455
Prepaid Expenses	70,822
Total Current Assets	9,925,180
<b>Noncurrent Assets</b>	
Capital Assets	
Land	869,657
Building	27,500,346
Furniture, Equipment - Dwelling	1,298,121
Furniture, Equipment - Administration	445,387
Construction in Process	12,469,808
Total Capital Assets	42,583,319
Less: Accumulated Depreciation	(13,420,396)
Net Book Value	29,162,923
Total Assets	39,088,103
<b>Deferred Outflow of Resources</b>	
Total Deferred Outflows of Resources	532,261
Total Assets and Deferred Outflow of Resources	\$ 39,620,364

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK**  
**STATEMENT OF NET POSITION - 2**  
**AS OF SEPTEMBER 30, 2015**

	2015
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	\$ 282,332
Accrued Liabilities	207,394
Tenant Security Deposit Payable	207,890
Unearned Revenue	12,411
Bonds, Notes and Loans Payable - Current Portion	305,000
Total Current Liabilities	1,015,027
<b>Noncurrent Liabilities</b>	
Bonds, Notes and Loans Payable - Non Current	3,680,000
Accrued Compensated Absences - Long-Term	330,570
Accrued Pension and OPEB Liabilities	5,294,106
Total Noncurrent Liabilities	9,304,676
Total Liabilities	10,319,703
<b>Deferred Inflow of Resources</b>	
Total Deferred Inflow of Resources	234,445
<b>Net Position:</b>	
Net Investment in Capital Assets	25,177,923
Restricted	36,251
Unrestricted	3,852,042
Total Net Position	29,066,216
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 39,620,364

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK  
STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

	2015
<b>Revenue:</b>	
Tenant Rental Revenue	\$ 2,850,411
HUD PHA Operating Grants	6,192,916
Fraud Recovery	9,187
Other Revenue	822,231
Total Revenue	9,874,745
<b>Operating Expenses:</b>	
Administrative Expense	1,697,464
Tenant Services	23,716
Utilities Expense	1,941,179
Maintenance Expense	1,744,601
Protective Services	314,393
Other Operating Expenses	709,939
Housing Assistance Payments	3,266,513
Depreciation Expense	713,470
Interest Expense	191,875
Total Operating Expenses	10,603,150
Excess Expenses Over Revenue From Operations	(728,405)
<b>Non Operating Income:</b>	
Investment Income	10,196
Capital Grants	859,699
Total Non Operating Income	869,895
<b>Change in Net Position</b>	141,490
Beginning Net Position	32,497,177
Prior period Adjustment	(3,572,451)
Beginning Net Position - Restated	28,924,726
Ending Net Position	\$ 29,066,216

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK**  
**STATEMENT OF CASH FLOW - 1**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

	2015
<b>Cash Flow From Operating Activities</b>	
Receipts from Tenants	\$ 2,869,852
Receipts from Federal Grants	6,839,358
Receipts from Misc. Sources	831,418
Payments to Vendors and Suppliers	(3,990,657)
Payments for Housing Assistance Payments	(3,266,513)
Payments to Employees	(1,508,814)
Payment of Employee Benefits	(1,309,740)
Net Cash Provided by Operating Activities	464,904
<b>Cash Flow From Capital and Related Financing Activities</b>	
Receipts from Capital Grants	859,699
Acquisitions and Construction of Capital Assets	(636,775)
(Payment) of Debt	(295,000)
Increase of Compensated Absences	8,305
Net Effect of Deferred Inflows and Outflows	(297,816)
Increase of Accrued Pension and Other Post-Employment Benefits (OPEB) Liabilities	4,294,297
Prior Period Adjustment GASB #68	(3,572,451)
Net Cash Provided by Capital and Related Financing Activities	360,259
<b>Cash Flow From Investing Activities</b>	
Interest and Dividends	10,196
Net Cash Provided by Investing Activities	10,196
Net Increase in Cash and Cash Equivalents	835,359
<b>Beginning Cash</b>	4,515,544
<b>Ending Cash</b>	\$ 5,350,903
<u>Reconciliation of Cash Balances:</u>	
Cash and Cash Equivalents - Unrestricted	\$ 5,106,711
Tenant Security Deposit	207,890
HAP Reserve	29,819
Capital Leveraging Accounts	6,432
Restricted Cash for Current Liabilities	51
Total Ending Cash	\$ 5,350,903

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK**  
**STATEMENT OF CASH FLOW - 2**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

	2015
(Used) by Operating Activities	
Excess of Expenses Over Revenue	\$ (728,405)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:	
Depreciation Expense - net of adjustments	713,470
(Increase) Decrease in:	
Accounts Receivables	315,976
Prepaid Expenses	(5,201)
Increase (Decrease) in:	
Accounts Payable	103,527
Accrued Liabilities	61,053
Unearned Revenue	2,928
Tenant Security Deposit Payable	1,556
Net Cash Provided by Operating Activities	\$ 464,904

See accompanying notes to the financial statements.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

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

**1. Organization** - The Authority is a governmental, public corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Town of West New York in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of public housing for low and moderate income families residing in Town of West New York. Operating and modernization subsidies are provided to the Authority by the federal government.

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

Based on the following criteria, the Authority has identified one entity which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in GASB's #61 *The financial Reporting Entity* and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The organization is fiscal dependency on the primary government.
- C. The organization has potential to impose a financial benefit or burden on the primary government.
- D. The organization meets the financial accountability criteria for inclusion as a component unit of the primary government.
- E. The primary government is able to impose its will on the organization.



# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **2. Significant Accounting Policies**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority. Entities using this method observe all Financial Accounting Standards Board (FASB) Statements and Interpretations in the preparation of financial statements, unless the GASB has specifically addressed the accounting issue in one of its own pronouncements. GASB-20-“Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting” addresses the applicability of the various FASB’s, and allows several options in the use of the FASB’s. The Authority has elected to use Alternative 2 of GASB-20 which states that “a proprietary activity may also apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements”. The Authority follows GASB-45-“Accounting for Pensions by State and Local Governmental Employers.”

#### New Accounting Standards Adopted

Statement No. 68 of the Government Accounting Standards Board (“GASB 68”) *Accounting and Financial Reporting for Pensions – an amendment of GASB statement No. 27* was issued in September 2012. This Statement establishes financial reporting standards for state and local governmental pension plans, defined benefit pensions plans and defined contributions pension plans that are administered through trusts or equivalent programs.

The requirements of GASB 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet certain criteria and to the financial statements of state and local governmental non employer contributing entities that have a legal obligation to make contributions directly to such pension plans.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures.

GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **Basis of Accounting –**

In Enterprise fund, activities are recorded using the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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

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

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Housing Authority of West New York's flat rent amount.

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

HUD operating, capital grants which finance capital and current operations are susceptible to accrual and recognized during the year earned in accordance with applicable HUD program guidelines. The Capital Fund Grant program income are expenditure driven grants with the revenue from the grant classified based on the expenditure. If the funds were expended for capital activities, the revenue is reported as capital contribution; if the funds are expended for other than capital, the revenue is reported as operating revenue.

HUD Section 8 Housing Choice Voucher Assistance Program receives from HUD an Annual Budget Amount (ABA) during the year in accordance with applicable HUD program guidelines. As of January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **Basis of Accounting – Continued**

Administrative fee paid by HUD to the Authority in excess of administrative expenses are a part of the undesignated fund balance and are considered to be administrative fee reserves.

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

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

Financial transactions are recorded and organized in accordance with the purpose of the transaction. Each program is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements. Because the Authority's activity is considered self-financing and does not rely on specific taxes or fines (i.e. property taxes, sales and use tax etc.) no activity will be maintained as governmental funds but will be recorded as proprietary funds under the Enterprise Fund.

### Blended Component Units

The Authority has identified the West New York Housing Corporation as a component unit. The Authority has 100% ownership in the Housing Corporation. West New York Housing Corporation is reported as if it were part of the Authority because of the 100% ownership in the Corporation. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The financial data included in this report is based on the information for the Housing Corporation at the end of its fiscal year, which was December 31, 2014.

### **Report Presentation -**

The Authority's basic financial statements are presented on an entity-wide basis consisting of various housing programs. The financial statements included in this report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America. In accordance with GASB Statement No. 34, the report includes Management's Discussion and Analysis. The Authority has implemented the general provisions of GASB Statement No. 34.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **Report Presentation - Continued**

Also the Authority adopted the provisions of Statement No. 37 “Basic Financial Statement and Management’s Discussion and Analysis for State and Local Governments” Statement No.38 “Certain Financial Statement Note Disclosures”, and Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” which supplements GASB Statement No. 34.

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

GASB Statement No. 63 requires the classification of “net assets” into “net position” which consists of three components, Net Investment in Capital Assets, Restricted, and Unrestricted.

The adoptions of Statement No. 34, Statement No. 37, Statement No. 38, and Statement No. 63 have no significant effect on the financial statements except, for the classification of net position in accordance with Statement No. 63.

#### Net Investment in Capital Assets.

The net position consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

#### Restricted Net Position

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

#### Unrestricted Net Position

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

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

### **Other accounting policies are as follows**

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

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **Other accounting policies are as follows - 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.

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

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

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

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

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

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

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

11- Advertising cost is charged to expense when incurred.

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

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements September 30, 2015

### **Other accounting policies - Continued**

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

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

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

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

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **Budgetary and Policy Control –**

The Authority submits its annual operating budgets and capital budgets to HUD. The Authority also 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.

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

<b><u>Program</u></b>	<b><u>Contract No.</u></b>	<b><u>CFDA No.</u></b>	<b><u>Project No.</u></b>	<b><u>Units Authorized</u></b>
<b><u>Low-Income Housing:</u></b>				
Management	NY-391	14.850	NJ-30-001-8	715
Capital Fund Program		14.872		
<b><u>Section 8 Housing:</u></b>				
Section 8 Choice Voucher	NY-1280V	14.871	NJ-39-V-030	462

### **Component Units**

The Authority has identified the West New York Housing Corporation as a component unit. The Authority has 100% ownership in the Housing Corporation. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The financial data included in this report is based on the information for the Housing Corporation at the end of its fiscal year, which was December 31, 2014. The Housing Corporation was created to expand housing opportunities for low and moderate income persons by increasing the supply of decent affordable housing in the Town of West New York.

#### **A. Low Rent Public Housing Program**

The Low Rent Public Housing Program is designed to provide low-cost housing within the Town of West New York. Funding is provided by eligible residents who are charged monthly rent based on family size, family income and other determinants, as well as by subsidies provided by HUD.

#### **B. Capital Fund Programs**

Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. These programs are financed by HUD subsidies. The capital fund programs are now merged into the low rent public housing program.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **Activities - Continued**

#### C. Housing Choice Vouchers Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD.

#### D. Section 8 New Construction and Substantial Rehabilitation

The New Construction and Substantial Rehabilitation Programs provide rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing financed with any type of construction or permanent financing, including the applicable FHA Multifamily Mortgage Insurance Programs. The maximum term of assistance provided by HUD under the New Construction and Substantial Rehabilitation Programs for a project financed with the proceeds of a loan insured by FHA is 20 years.

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

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

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

1. The ability of the Board to exercise supervision of a component unit's financial independence.
2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.
3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.
4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.



## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **NOTE 2 - ESTIMATES**

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

#### **NOTE 3 - PENSION PLAN**

The Authority participates in the 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.

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 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.

On the web:

<http://www.state.nj.us/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **NOTE 3 - PENSION PLAN - CONTINUED**

##### Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 6.64% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2015 was in the amount of \$180,380

##### Post Employment Retirement Benefits

The Authority provides post-employment health care benefits for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.

Further information on the Pension Plan and its effects do to the adoption of GASB 68 can be found in Note 18- Accrued Pension Liability.

#### **NOTE 4 - CASH, CASH EQUIVALENTS**

The Authority's cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment includes cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with the State of New Jersey and HUD requirements.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **NOTE 4 – CASH, CASH EQUIVALENTS - CONTINUED**

##### Collateral for Deposits

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

The Authority has total unrestricted cash, cash equivalents at September 30, 2015 in the amount of \$5,106,711 and restricted cash in the amount of \$244,192 which consists of the following:

	<u>September-15</u>
Bank of New York	\$ 6,432
TD Bank North America	1,739,884
Capital One Bank	3,594,694
Petty Cash	9,893
Total Cash and Cash Equivalents	<u>\$ 5,350,903</u>

Below is the detail of the restricted cash amounts for September 30, 2015 in the amount of \$244,192:

	<u>September-15</u>
Capital Leveraging Projects	\$ 6,432
HCV HAP Reserve	29,819
Tenant Security Deposits	207,890
Restricted for Current Liabilities	51
Total Restricted Cash	<u>\$ 244,192</u>

The amount of \$6,432 for 2015 is held in trust at the Bank of New York with investments consisting of Morgan Stanley Prime Installment Investments. These funds at Bank of New York are controlled by the New Jersey Housing Mortgage Finance Agency (NJHMFA) for the capital leveraging project which the Authority is under taking.

The Authority has restricted cash in the amount of \$29,819 as of September 30, 2015 which is for the Section 8 Housing Choice Voucher Program HAP Reserve.

The tenant security deposit restricted cash at September 30, 2015 was in the amount of \$207,890. These amounts are held as security deposits for the tenants of the Low Income Housing in interest bearing accounts at Capital One Bank.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **NOTE 4 – CASH, CASH EQUIVALENTS -CONTINUED**

#### **Risk Disclosures**

##### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At September 30, 2015, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

##### Credit Risk

This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities. The Authority's checking accounts are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it. The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	
	<u>September-15</u>
Insured	\$ 506,432
Collateralized held by pledging bank's trust department in the Authority's name	<u>4,844,471</u>
Total Cash and Cash Equivalents	<u><u>\$ 5,350,903</u></u>

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts Receivable at September 30, 2015 consisted of the following:

	<u>September-15</u>
Tenants Accounts Receivable - Present	\$ 15,957
Tenants Accounts Receivable - Vacated	1,367
Total Tenants Accounts Receivable	<u>17,324</u>
Less: Allowance for Doubtful Accounts	<u>(1,367)</u>
Net Tenants Accounts Receivable	<u>15,957</u>
Accounts Receivable - Other Entities	589,639
Accounts Receivable - HUD	690,109
Management Fees Receivable	43,263
Housing Corp. - Developer Fee Receivables (Component Unit)	<u>3,164,487</u>
Total Other Receivables	<u>4,487,498</u>
Total Accounts Receivables	<u><u>\$ 4,503,455</u></u>

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

#### **NOTE 6 - PREPAID EXPENSES**

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are amortized on a monthly basis. Prepaid expenses at September 30, 2015 consisted of prepaid insurance in the amount of \$70,822.

#### **NOTE 7 - INTERFUND ACTIVITY**

Interfund activity is reported as short term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority at September 30, 2015 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position. The component unit investment in joint ventures and the equity balance was eliminated for both years in the Statement of Net Position.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **NOTE 8 - FIXED ASSETS**

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated at cost as determined by an appraisal. Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$5,000 are expensed when incurred.

Property and equipment are stated at cost. Donated fixed assets are stated at their fair value on the date donated. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

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

The Housing Authority of West New York has given consideration to the GASBS #42, Accounting for the Impairment or Disposal of Long-Lived Assets, in the preparation of these financial statements.

The carrying value of long-live assets in accordance with GASBS #42, when indications of an impairment are present, the recoverability of the carrying value of the asset in question are assessed based on the future undiscounted cash flow expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value. The Authority has not recognized any impairment in the carry value of its fixed assets at September 30, 2015.

Below is a schedule of changes in fixed assets for the twelve months ended September 30, 2015:

	Balance September-14	Additions	Balance September-15
Land	\$ 869,657	\$ -	\$ 869,657
Buildings	27,484,427	15,919	27,500,346
Furniture & Equipment - Dwelling	1,245,141	52,980	1,298,121
Furniture & Equipment - Administration	442,214	3,173	445,387
Construction in Progress	11,905,105	564,703	12,469,808
Total Fixed Assets	41,946,544	636,775	42,583,319
Accumulated Depreciation	(12,706,926)	(713,470)	(13,420,396)
Net Book Value	\$ 29,239,618	\$ (76,695)	\$ 29,162,923

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **NOTE 8 - FIXED ASSETS - CONTINUED**

Below is a schedule of the net book value of the fixed assets for the Authority as of September 30, 2015:

<u>Net Book Value of the Fixed Assets</u>	<u>September-15</u>
Land	\$ 869,657
Buildings	15,514,995
Furniture & Equipment - Dwelling	245,828
Furniture & Equipment - Administration	62,635
Construction in Progress	12,469,808
Net Book Value	<u>\$ 29,162,923</u>

### **NOTE 9 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

A deferred outflow is an outflow of resources, which is a consumption of net assets by the government that is applicable to the reporting period. A deferred inflow is an inflow of resources, which is an acquisition of net assets by the government that is applicable to the reporting period.

The Pension Liability discussed in Note 18 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The Authority's deferred outflows and inflows are as follows:

<u>Deferred Outflows - As of Measurement Date</u>	
Difference Between Expected and Actual Experience	
Changes of Assumption	\$ 123,706
Changes in Proportion	228,175
Authorities Contribution Subsequent to Measurement Date	180,380
Total Deferred Outflows	<u>\$ 532,261</u>

<u>Deferred Inflows - As of Measurement Date</u>	
Changes of Assumptions	
Net Difference Between Projected and Actual Investment	\$ 234,445
Changes in Proportion	-
Total Deferred Inflows	<u>\$ 234,445</u>

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **NOTE 10 – ACCOUNTS PAYABLE**

The Authority reported accounts payable on its Statement of Net Position as of September 30, 2015. Accounts payable vendors are amount owed to creditors as a result of delivered goods and completed services. Accounts payable at September 30, 2015 consist of the following:

	<u>September-15</u>
Accounts Payable Vendors	\$ 191,358
Accounts Payable P.I.L.O.T.	90,923
Accounts Payable - HUD PHA Programs	51
Total Accounts Payable	<u>\$ 282,332</u>

#### **NOTE 11 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)**

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 Town of West New York. Under the Cooperation Agreements, the Authority must pay the municipality the littlest of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended September 30, 2015 PILOT expense of \$90,923 was accrued. The total amount of PILOT payable at September 30, 2015 is as follows:

	<u>September-15</u>
Balance Beginning of Year	\$ 81,651
P.I.L.O.T. Accrued	90,923
Less: Payments Made	(81,651)
Total P.I.L.O.T. Payable	<u>\$ 90,923</u>

#### **NOTE 12 – ACCRUED EXPENSES**

The Authority reported accrued expenses on its Statement of Net Position. Accrued expenses are liabilities incurred on or before September 30. Accrued liabilities at September 30, 2015 consist of the following:

	<u>September-15</u>
Accrued Liabilities - Operating Expenses	\$ 169,111
Compensated Absences - Current Portion	38,283
Total Accrued Liabilities	<u>\$ 207,394</u>



# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **NOTE 13 – ACCRUED COMPENSATED ABSENCES**

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

Accrued compensated absences represents amounts to which employees are entitled to base on accumulated leave earned in accordance with the Authority's Personnel Policy. Vacation leave cannot be carried from year to year, without authorization.

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, to a maximum of \$8,500.

The Authority has determined that the potential liability for accumulated vacation and sick time at September 30, 2015 as follows:

	<u>September-15</u>
Accumulated Sick Time	\$ 178,235
Accumulated Vacation Time	164,406
Accrued Payroll Taxes	<u>26,212</u>
Total	368,853
Compensated Absences - Current Portion	<u>(38,283)</u>
Total Compensated Absences - Noncurrent	<u><u>\$ 330,570</u></u>

### **NOTE 14 – UNEARNED REVENUE**

The Authority reported unearned revenues on its Statement of Net Position. Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The unearned revenue account balance at September 30, 2015 is \$12,411 consists of prepaid rents for October 2015.

### **NOTE 15 – LONG TERM DEBT**

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

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements September 30, 2015

#### **NOTE 16 – LONG TERM DEBT – CAPITAL PROJECT BOND PAYABLE**

The Authority participated on December 23, 2004 with other New Jersey Housing Authorities in the issuance of \$79,860,000 in Series 2004 HMFA Bonds. The Authority portion of the Series 2004 HMFA Bonds is \$6,400,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Low Income Housing Program. The Bonds are fully registered in denominations of \$5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2025.

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

Interest on the Bonds is payable on May 1 and November 1 commencing on May 1, 2005. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month.

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

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

The interest payable for November 1, 2015 is \$91,243 and May 1, 2016 is \$87,961. These amounts were not accrued since the payment would be made from the Authority Capital Fund Program (CFP) and would be considered grant revenue in the year ended September 30, 2016.

**HOUSING AUTHORITY OF WEST NEW YORK**

Notes to Financial Statements

September 30, 2015

**NOTE 16 – LONG TERM DEBT – CAPITAL PROJECT BOND PAYABLE - CONTINUED**

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

September 30, 2016	\$ 305,000
September 30, 2017	315,000
September 30, 2018	335,000
September 30, 2019	345,000
September 30, 2020	345,000
Sub Total	<u>1,645,000</u>
Next Five Years Ending September 30, 2025	<u>2,340,000</u>
	<u>2,340,000</u>
Total Capital Project Bonds	<u><u>\$ 3,985,000</u></u>

**NOTE 17 – ACCRUED PENSION AND OPEB LIABILITIES**

The Authority as of September 30, 2015 reported accrued pension and OPEB liability amounts as follows:

	September-15
Accrued OPEB	<u>\$ 1,360,105</u>
Accrued Pension	<u>3,934,001</u>
Total OPEB and Pension Liabilities	<u><u>\$ 5,294,106</u></u>

These amounts arose due to adoption of GASB 45 several years ago as well as GASB 68 which was just adopted this fiscal year. This note will discuss the liability associated with GASB 45, which is accrued other postemployment benefits. Note 18 will discuss the effect of GASB 68 and the liability which arose from that.

**OPEB Liability**

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.

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **NOTE 17 – ACCRUED PENSION AND OPEB LIABILITIES - CONTINUED**

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:

	September-15
Annual Required Contribution (ARC)	\$ 395,709
Interest on Net OPEB Obligation	31,690
Adjustment to ARC	120,157
Annual OPEB cost (expense)	547,556
Contributions made	(187,260)
Increase in net OPEB obligation	360,296
Net OPEB Obligation – beginning of year	999,809
Net OPEB Obligation – end of year	\$ 1,360,105

The Authority’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year is as follows:

		Percentage of Annual OPEB	
Fiscal Year Ended	Annual OPEB Cost	Cost Contributed	Net OPEB Obligation
September-13	\$ 323,879	15%	\$ 229,181
September-14	\$ 547,556	33%	\$ 366,001
September-15	\$ 547,556	34%	\$ 360,296

#### FUNDED STATUS AND FUNDING PROGRESS

As of October 1, 2013, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$5,307,761, and the actuarial value of assets was \$-0-, resulting in an unfunded accrued liability (UAL) of \$5,307,761.



# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **NOTE 17 – ACCRUED PENSION AND OPEB LIABILITIES - CONTINUED**

Reconciliation of Plan Participation (As of October 1, 2013) Active Employees (46):

	<u>October-13</u>
Average Service	8.1
Average Current Age	53.2
Actives Eligible for Benefits	4
Number of Retired Employees	14
Average Age of Retirees	74.4

### SUMMARY OF CHANGES TO UNFUNDED ACCRUED LIABILITY

Below is a schedule the items that caused the increase in the UAL from the prior actuarial valuation of the unfunded accrued liability as of October 1, 2013:

Prior Valuation of UAL October 1, 2010	\$ 3,505,413
Impact due to incremental fees and costs of healthcare reform	305,196
Impact due to changes in healthcare cost	664,816
Impact due to changes in retiree contributions rates/demographics	832,336
Total UAL as of October 1, 2013	<u>\$ 5,307,761</u>

### **NOTE 18 – ACCRUED PENSION LIABILITY**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PER provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

#### Contributions

The contribution policy for PERS is set by N.J. S.A. I SA and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements September 30, 2015

### **NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED**

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended September 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

#### Measurement Date

The net pension liability for fiscal year ending September 30, 2015 is determined at a measurement date of June 30, 2014. The total pension liability as of June 30, 2014 was determined by rolling forward the Plan's total pension liability as of July 1, 2013 to June 30, 2014. The plan fiduciary net position is the market value of plan assets as of June 30, 2014.

#### Net Pension Liability Information

The Authority as of September 30, 2015 reported a net pension liability in the amount of \$3,934,001 due to the adoption of GASB 68.

The component of the current year net pension liability of the Authority as of June 30, 2014, the last evaluation date, is as follows:

	<u>PERS</u>
Employer Total Pension Liability	\$ 8,209,655
Plan Net Position	(4,275,654)
Employer Net Pension Liability	<u>\$ 3,934,001</u>

The Authority allocation percentage is 0.0210118911% % as of June 30, 2014.

#### Allocation Percentage Methodology

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED**

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2014 and 2013 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2014 and 2013, respectively. For this first year implementation there was a change in allocation percentage from June 30, 2013 to June 30, 2014.

#### Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of September 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

#### Discount Rate

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Should contributions to the Plan be different from those outlined above, the results would reflect the new contribution policy and may result in the Fiduciary Net Plan Position not being sufficient to cover the Plan's benefit payments at some future date and thus changing the discount rate used to determine the Plan's Total Pension Liability.



# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED**

#### Long-Term Expected Rate of Return

The arithmetic mean return on the portfolio was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014. The capital market assumptions are per Buck's investment consulting practice for 2014.

The determination of each employer's projected long term contribution effort is accomplished by computing the actuarially determined indexed present value of future compensation using census data as of June 30, 2014. The indexed present value of future compensation for each employer is calculated by multiplying the present value of future projected compensation for current employees (that is, on a closed basis) by the applicable cost index for each participant. The present value of future compensation for a participant incorporates:

- 1) Current employee demographics, including age, years of service, and salary,
- 2) Projected salary increases, and
- 3) Decrements (probabilities of retirement, death, and withdrawal).

The cost indexes are designed to reflect the relative cost of benefits for groups of employees with a common benefit in relation to other groups within each GASB plan. These cost indexes are also used in the determination of annual required contributions. The cost indexes are based on a new entrant valuation where the most recent set of new members to

- 1) An PERS regular plan (retirement eligibility based on age and service),
- 2) An PERS special plan (retirement eligibility based on service alone), and

These new entrant rates are the employer contribution rates that would be paid over the employee's career assuming all valuation assumptions are realized without gains or losses. The ratio of new entrant rates between plans establishes the relative plan lucrativeness, or index.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED**

#### Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current assumption (in thousands). Sensitivity of the Authority's proportionate share of the Net Pension Liability due to change in the Discount Rate:

	1% Decrease	Current Discount	1% Increase
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,958,960	\$ 8,175,244	\$ 6,678,215

#### Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively.

The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow or resources or a deferred inflow of resources.

The cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30, 2016	\$	(35,925)
Year Ending June 30, 2017	\$	(35,925)
Year Ending June 30, 2018	\$	(35,925)
Year Ending June 30, 2019	\$	(35,925)

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2015

### **NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED**

#### Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the period ended September 30, 2015 is \$202,257.

### **NOTE 19 – RESTRICTED NET ASSETS**

The Authority restricted net position account balance at September 30, 2015 is \$36,251. The detail of the restricted reserve account balances is as follows:

	State	HCV	Total
	Leveraging	HAP Payments	
Balance September 30, 2014	6,311	49,599	55,910
Increase During the Year	121	-	121
Decrease During the Year	-	(19,780)	(19,780)
Balance September 30, 2015	<u>\$ 6,432</u>	<u>\$ 29,819</u>	<u>\$ 36,251</u>

#### Housing Choice Voucher Program - Reserves

Prior to January 1, 2005 excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority's calendar year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net assets.

#### Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority at September 30, 2015 was \$501,342.

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **NOTE 20 – UNRESTRICTED NET POSITION**

The Authority's unrestricted net position account balance at September 30, 2015 is \$3,852,042. The detail of the account balance is as follows:

	Balance			Balance
	Sep-14	Increase	Decrease	Sep-15
Low Rent Public Housing Program	\$ 3,118,587		\$ (1,907,568)	\$1,211,019
HCV Program Administrative Reserves	740,843		(601,446)	139,397
N/C S/R Administrative Reserves	-	1		1
Component Unit Reserves	3,152,488	11,999		3,164,487
COCC Reserves	469,731		(1,132,593)	(662,862)
Total Reserves	<u>\$ 7,481,649</u>	<u>\$ 12,000</u>	<u>\$ (3,641,607)</u>	<u>\$3,852,042</u>

During the year, the Authority had a prior period adjustment in the amount of (\$3,572,451) while recording Net Pension Liability. This adjustment was due to the implementation of GASB 68. GASB #45 and GASB #68 do not require the Authority to fund the liability.

#### Housing Choice Voucher Program - Reserves

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

#### **NOTE 21 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended September 30, 2015, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, worker's compensation, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its buildings for the purpose of determining potential liability issues.

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2015

#### **NOTE 22 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES**

Pursuant to the Annual Contribution Contract, HUD makes annual debt service contributions to the Authority for each permanently financed project in the amount equal to the debt service on its bonds, plus, if necessary, an amount to fully amortize the Authority's indebtedness represented by permanent notes or project notes. Accrued HUD contributions for the year ended September 30, 2015 were \$ - 0 -.

HUD also contributes an additional operating subsidy approved in the operating budget under the Annual Contribution Contract. Additional operating subsidy contributions for the year ended September 30, 2015 was in the amount of \$2,729,905.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The programs provide for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for September 30, 2015 were in the amount of \$2,966,619.

#### **NOTE 23 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

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

Governmental Accounting Standards Boards Statements (GASBS) requires disclosure in financial statements of a situation where one entity provides more than 10% percent of the audited entity's revenues. Total financial support by HUD was \$7,052,618 to the Authority which represents approximately 66% percent of the Authority's total revenue for the fiscal year September 30, 2015.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements September 30, 2015

### **NOTE 24 - CONTINGENCIES**

Litigation – At September 30, 2015, the Authority was not involved in any threatening litigation.

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

### **NOTE 25 – PRIOR PERIOD ADJUSTMENT**

For year ending September 30, 2015

As of September 30, 2015 the Authority had a prior period adjustment in the amount of (\$3,572,451) while recording Net Pension Liability. This adjustment was due to the implementation of GASB 68.

### **NOTE 26 – SUBSEQUENT EVENTS**

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the Statement of Net Position's date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru February 25, 2016; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

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

	CFDA #'s	September 30, 2014
<u>PHA Owned Housing</u>		
Low Rent Public Housing	14.850	\$ 2,729,905
Public Housing Capital Fund Program	14.872	1,209,866
Subtotal		3,939,771
 <u>Rental Assistance Housing Programs</u>		
Housing Choice Vouchers	14.871	2,966,619
New Construction Substantial Rehabilitation	14.182	146,228
Subtotal		3,112,847
Total Awards		\$ 7,052,618

**Note 1. Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority of West New York. The information in this schedule is presented in accordance with those requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Housing Authority of West New York, it is not intended to and does not present the financial position, change in net position, or cash flow of the Housing Authority of West New York.

**Note 2. Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowed or limited as to reimbursement.

**Note 3. Loans Outstanding:**

Housing Authority of West New York had Capital Project Bonds payable in the amount of \$3,985,000 outstanding at September 30, 2015. See Note 16 on page 40-41 of this report for full detail.

**Note 4. Sub recipients:**

Of the federal expenditures presented in the schedule above, The Housing Authority of West New York did not provide federal awards to any sub recipients.

## HOUSING AUTHORITY OF WEST NEW YORK

### Schedule of Proportionate Share of the Net Pension Liability Of the Public Employee Retirement System (PERS) September 30, 2015

#### **REQUIRED SUPPLEMENTAL INFORMATION**

GASB 68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below.

The schedule below displays the Authority's proportionate share of Net Pension Liability.

	<u>2014</u>	<u>2013</u>
Housing Authority's proportion of the net pension liability	0.02101189%	0.01959854%
Housing Authority's proportionate share of the net pension liability	\$ 3,934,001	\$ 3,745,670
Housing Authority's covered employee payroll	\$ 1,375,599	\$ 1,417,051
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	285.98%	264.33%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

*\*The amounts determined for each fiscal year were determined as of June 30.*



**HOUSING AUTHORITY OF WEST NEW YORK**

Schedule of Proportionate Share of the Net Pension Liability  
Of the Public Employee Retirement System (PERS)  
September 30, 2015

**REQUIRED SUPPLEMENTAL INFORMATION - CONTINUED**

The schedule below displays the Authority's contractually required contributions along with related ratios.

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 173,219	\$ 147,671
Contribution in relation to the contractually required contribution	(173,219)	(147,671)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 1,375,599	\$ 1,417,051
Contribution as a percentage of covered employee payroll	12.59%	10.42%

*\*The amounts determined for each fiscal year were determined as of June 30.*

**HOUSING AUTHORITY OF WEST NEW YORK  
STATEMENT AND CERTIFICATION OF  
ACTUAL CAPITAL FUND GRANT COST  
AS OF SEPTEMBER 30, 2015**

	NJ39P030501-11		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 115,270	\$ 115,270	\$ -
Management Improvements	65,000	65,000	-
Administration	65,000	65,000	-
Fees & Costs	45,000	45,000	-
Site Improvements	1,600	1,600	-
Dwelling Structures	329,496	329,496	-
Dwelling Equipment	14,130	14,130	-
	493,199	493,199	-
<b>Total</b>	<b>\$ 1,128,695</b>	<b>\$ 1,128,695</b>	<b>\$ -</b>
Funds Advanced	\$ 1,128,695		
Funds Expended	1,128,695		
Excess of Funds Advanced	\$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-11 was completed on May 15, 2015
4. There were no budget overruns noted.

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK  
STATEMENT AND CERTIFICATION OF  
ACTUAL CAPITAL FUND GRANT COST  
AS OF SEPTEMBER 30, 2015**

	NJ39P030501-12		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 40,000	\$ 40,000	\$ -
Management Improvements	-	-	-
Administration	40,000	40,000	-
Fees & Costs	4,500	4,500	-
Site Improvements	33,121	33,121	-
Dwelling Structures	404,411	404,411	-
Dwelling Equipment	10,000	10,000	-
Non-Dwelling Equipment	20,000	20,000	-
Bond Debt Obligation	492,767	492,767	-
Total	\$ 1,044,800	\$ 1,044,800	\$ -
Funds Advanced	\$ 1,044,800		
Funds Expended	1,044,800		
Excess of Funds Advanced	\$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-12 was completed on May 15, 2015.
4. There were no budget overruns noted.

See accompanying notes to the financial statements.

## West New York Housing Authority (NJ030)

WEST NEW YORK, NJ

## Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$3,904,682	\$719,172		\$1	\$482,856	\$5,106,711		\$5,106,711
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$6,432	\$29,819				\$36,251		\$36,251
114 Cash - Tenant Security Deposits	\$207,890					\$207,890		\$207,890
115 Cash - Restricted for Payment of Current Liabilities		\$51				\$51		\$51
100 Total Cash	\$4,119,004	\$749,042	\$0	\$1	\$482,856	\$5,350,903	\$0	\$5,350,903
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	\$690,109					\$690,109		\$690,109
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous			\$3,497,658		\$632,902	\$4,130,560	-\$333,171	\$3,797,389
126 Accounts Receivable - Tenants	\$17,324					\$17,324		\$17,324
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,367					-\$1,367		-\$1,367
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								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$706,066	\$0	\$3,497,658	\$0	\$632,902	\$4,836,626	-\$333,171	\$4,503,455
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$55,860	\$4,962			\$10,000	\$70,822		\$70,822
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From								
145 Assets Held for Sale								
150 Total Current Assets	\$4,880,930	\$754,004	\$3,497,658	\$1	\$1,125,758	\$10,258,351	-\$333,171	\$9,925,180
161 Land	\$869,657					\$869,657		\$869,657
162 Buildings	\$27,500,346					\$27,500,346		\$27,500,346
163 Furniture, Equipment & Machinery - Dwellings	\$1,298,121					\$1,298,121		\$1,298,121
164 Furniture, Equipment & Machinery - Administration	\$422,125				\$23,262	\$445,387		\$445,387

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)

WEST NEW YORK, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
165 Leasehold Improvements								
166 Accumulated Depreciation	-\$13,407,202				-\$13,194	-\$13,420,396		-\$13,420,396
167 Construction in Progress	\$12,469,808					\$12,469,808		\$12,469,808
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$29,152,855	\$0	\$0	\$0	\$10,068	\$29,162,923	\$0	\$29,162,923
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			\$4,676,539			\$4,676,539	-\$4,676,539	\$0
180 Total Non-Current Assets	\$29,152,855	\$0	\$4,676,539	\$0	\$10,068	\$33,839,462	-\$4,676,539	\$29,162,923
200 Deferred Outflow of Resources	\$314,034	\$69,194			\$149,033	\$532,261		\$532,261
290 Total Assets and Deferred Outflow of Resources	\$34,347,819	\$823,198	\$8,174,197	\$1	\$1,284,859	\$44,630,074	-\$5,009,710	\$39,620,364
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$51,563				\$139,795	\$191,358		\$191,358
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable								
322 Accrued Compensated Absences - Current Portion	\$6,818	\$889			\$30,576	\$38,283		\$38,283
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs		\$51				\$51		\$51
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government	\$90,923					\$90,923		\$90,923
341 Tenant Security Deposits	\$207,890					\$207,890		\$207,890
342 Unearned Revenue	\$12,411					\$12,411		\$12,411
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$305,000					\$305,000		\$305,000
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities								

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)

WEST NEW YORK, NJ

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
346 Accrued Liabilities - Other	\$169,111					\$169,111		\$169,111
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	\$843,716	\$940	\$0	\$0	\$170,371	\$1,015,027	\$0	\$1,015,027
351 Long-term Debt, Net of Current - Capital	\$3,680,000					\$3,680,000		\$3,680,000
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current	\$61,481	\$8,003			\$261,086	\$330,570		\$330,570
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	\$3,238,994	\$614,561			\$1,440,551	\$5,294,106		\$5,294,106
350 Total Non-Current Liabilities	\$6,980,475	\$622,564	\$0	\$0	\$1,701,637	\$9,304,676	\$0	\$9,304,676
300 Total Liabilities	\$7,824,191	\$623,504	\$0	\$0	\$1,872,008	\$10,319,703	\$0	\$10,319,703
400 Deferred Inflow of Resources	\$138,322	\$30,478			\$65,645	\$234,445		\$234,445
508.4 Net Investment in Capital Assets	\$25,167,855				\$10,068	\$25,177,923		\$25,177,923
511.4 Restricted Net Position	\$6,432	\$29,819				\$36,251		\$36,251
512.4 Unrestricted Net Position	\$1,211,019	\$139,397	\$8,174,197	\$1	-\$662,862	\$8,861,752	-\$5,009,710	\$3,852,042
513 Total Equity - Net Assets / Position	\$26,385,306	\$169,216	\$8,174,197	\$1	-\$652,794	\$34,075,926	-\$5,009,710	\$29,066,216
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$34,347,819	\$823,198	\$8,174,197	\$1	\$1,284,859	\$44,630,074	-\$5,009,710	\$39,620,364

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ  
**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,799,087					\$2,799,087		\$2,799,087
70400 Tenant Revenue - Other	\$51,324					\$51,324		\$51,324
70500 Total Tenant Revenue	\$2,850,411	\$0	\$0	\$0	\$0	\$2,850,411	\$0	\$2,850,411
70600 HUD PHA Operating Grants	\$3,080,069	\$2,966,619		\$146,228		\$6,192,916		\$6,192,916
70610 Capital Grants	\$859,699					\$859,699		\$859,699
70710 Management Fee					\$712,646	\$712,646	-\$712,646	\$0
70720 Asset Management Fee					\$85,680	\$85,680	-\$85,680	\$0
70730 Book Keeping Fee					\$93,038	\$93,038	-\$93,038	\$0
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue					\$891,364	\$891,364	-\$891,364	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$5,890	\$803			\$3,500	\$10,193		\$10,193
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		\$9,187				\$9,187		\$9,187
71500 Other Revenue	\$181,424	\$437,844	\$12,000		\$190,963	\$822,231		\$822,231
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted	\$3					\$3		\$3
70000 Total Revenue	\$6,977,496	\$3,414,453	\$12,000	\$146,228	\$1,085,827	\$11,636,004	-\$891,364	\$10,744,640
91100 Administrative Salaries	\$148,920	\$190,385			\$361,995	\$701,300		\$701,300
91200 Auditing Fees	\$8,720	\$2,500			\$3,500	\$14,720		\$14,720
91300 Management Fee	\$656,283	\$56,363				\$712,646	-\$712,646	\$0
91310 Book-keeping Fee	\$63,143	\$29,895				\$93,038	-\$93,038	\$0
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$171,714	\$111,484			\$321,382	\$604,580		\$604,580
91600 Office Expenses	\$103,261	\$4,427			\$183,869	\$291,557		\$291,557
91700 Legal Expense	\$6,319	\$2,500			\$76,488	\$85,307		\$85,307
91800 Travel								
91810 Allocated Overhead								

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ  
**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
91900 Other								
91000 Total Operating - Administrative	\$1,158,360	\$397,554	\$0	\$0	\$947,234	\$2,503,148	-\$805,684	\$1,697,464
92000 Asset Management Fee	\$85,680					\$85,680	-\$85,680	\$0
92100 Tenant Services - Salaries	\$12,375					\$12,375		\$12,375
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	\$10,591					\$10,591		\$10,591
92400 Tenant Services - Other	\$750					\$750		\$750
92500 Total Tenant Services	\$23,716	\$0	\$0	\$0	\$0	\$23,716	\$0	\$23,716
93100 Water	\$173,750					\$173,750		\$173,750
93200 Electricity	\$610,531					\$610,531		\$610,531
93300 Gas	\$463,515					\$463,515		\$463,515
93400 Fuel								
93500 Labor	\$116,652					\$116,652		\$116,652
93600 Sewer	\$474,369					\$474,369		\$474,369
93700 Employee Benefit Contributions - Utilities	\$102,362					\$102,362		\$102,362
93800 Other Utilities Expense								
93000 Total Utilities	\$1,941,179	\$0	\$0	\$0	\$0	\$1,941,179	\$0	\$1,941,179
94100 Ordinary Maintenance and Operations - Labor	\$457,761				\$54,375	\$512,136		\$512,136
94200 Ordinary Maintenance and Operations - Materials and Other	\$207,626				\$7,921	\$215,547		\$215,547
94300 Ordinary Maintenance and Operations Contracts	\$561,943				\$10,810	\$572,753		\$572,753
94500 Employee Benefit Contributions - Ordinary Maintenance	\$396,451				\$47,714	\$444,165		\$444,165
94000 Total Maintenance	\$1,623,781	\$0	\$0	\$0	\$120,820	\$1,744,601	\$0	\$1,744,601
95100 Protective Services - Labor	\$166,351					\$166,351		\$166,351
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services	\$148,042					\$148,042		\$148,042
95000 Total Protective Services	\$314,393	\$0	\$0	\$0	\$0	\$314,393	\$0	\$314,393
96110 Property Insurance	\$88,183					\$88,183		\$88,183

See accompanying notes to the financial statements



West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ  
**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
96120 Liability Insurance	\$44,091					\$44,091		\$44,091
96130 Workmen's Compensation	\$44,091	\$14,885			\$20,343	\$79,319		\$79,319
96140 All Other Insurance								
96100 Total insurance Premiums	\$176,365	\$14,885	\$0	\$0	\$20,343	\$211,593	\$0	\$211,593
96200 Other General Expenses	\$8,706	\$13,644				\$22,350		\$22,350
96210 Compensated Absences	-\$14,797	-\$2,416			\$41,990	\$24,777		\$24,777
96300 Payments in Lieu of Taxes	\$90,923					\$90,923		\$90,923
96400 Bad debt - Tenant Rents								
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense	\$248,414	\$27,308			\$84,574	\$360,296		\$360,296
96000 Total Other General Expenses	\$333,246	\$38,536	\$0	\$0	\$126,564	\$498,346	\$0	\$498,346
96710 Interest of Mortgage (or Bonds) Payable	\$191,875					\$191,875		\$191,875
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$191,875	\$0	\$0	\$0	\$0	\$191,875	\$0	\$191,875
96900 Total Operating Expenses	\$5,848,595	\$450,975	\$0	\$0	\$1,214,961	\$7,514,531	-\$891,364	\$6,623,167
97000 Excess of Operating Revenue over Operating Expenses	\$1,128,901	\$2,963,478	\$12,000	\$146,228	-\$129,134	\$4,121,473	\$0	\$4,121,473
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments		\$2,709,177		\$146,228		\$2,855,405		\$2,855,405
97350 HAP Portability-In		\$411,108				\$411,108		\$411,108
97400 Depreciation Expense	\$710,805				\$2,665	\$713,470		\$713,470
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$6,559,400	\$3,571,260	\$0	\$146,228	\$1,217,626	\$11,494,514	-\$891,364	\$10,603,150

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ  
**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In	\$59,922					\$59,922		\$59,922
10020 Operating transfer Out	-\$59,922					-\$59,922		-\$59,922
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	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$418,096	-\$156,807	\$12,000	\$0	-\$131,799	\$141,490	\$0	\$141,490
Total Expenses								
11020 Required Annual Debt Principal Payments	\$295,000	\$0	\$0	\$0	\$0	\$295,000	\$0	\$295,000
11030 Beginning Equity	\$28,074,956	\$790,442	\$8,162,197	\$1	\$479,291	\$37,506,887	\$0	\$37,506,887
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$2,107,746	-\$464,419			-\$1,000,286	-\$3,572,451	\$0	-\$3,572,451
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		\$139,397				\$139,397		\$139,397
11180 Housing Assistance Payments Equity		\$29,819				\$29,819		\$29,819
11190 Unit Months Available	8568	5544	0	0	0	14112	0	14112
11210 Number of Unit Months Leased	8419	3986	0	0	0	12405	0	12405
11270 Excess Cash	\$3,511,726					\$3,511,726		\$3,511,726
11610 Land Purchases	\$0				\$0	\$0		\$0

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)  
 WEST NEW YORK, NJ  
**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
11620 Building Purchases	\$564,699				\$0	\$564,699		\$564,699
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0				\$0	\$0		\$0
11660 Infrastructure Purchases	\$0				\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$486,875				\$0	\$486,875		\$486,875
13901 Replacement Housing Factor Funds	\$0				\$0	\$0		\$0

See accompanying notes to the financial statements



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

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of West New York  
6100 Adams Street  
West New York, New Jersey 07093

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of West New York (hereafter referred to as the Authority), which comprise the statement of net position as of September 30, 2015 and the related statements of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Housing Authority of West New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of West New York'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 Housing Authority of West New York's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of West New York's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Hymanson, Parnes & Giampaolo**

Lincroft, New Jersey

Date: February 25, 2016



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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**(Unmodified Opinion on Compliance for Each Major Program:  
No Material Weakness or Significant Deficiencies  
in Internal Control Over Compliance Identified)**

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of West New York  
6100 Adams Street  
West New York, New Jersey 07093

**Report on Compliance**

We have audited the Housing Authority of West New York's (hereafter referred to as the Authority), compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* applicable to Authority's major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs .

**Management's Responsibility for Compliance**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Housing Authority of West New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of West New York'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 West New York's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Housing Authority of West New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the Housing Authority of West New York is responsible for establishing and maintaining effective internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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, this report is not suitable for any other purpose.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey

Date: February 25, 2016



**HOUSING AUTHORITY OF WEST NEW YORK**

Schedule of Findings and Questioned Costs

Year Ended September 30, 2015

**Prior Audit Findings**

None reported

**Summary of Auditor's Results**

**Financial Statements**

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? \_\_\_\_\_ yes X no

Significant Deficiency(ies) identified that are  
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 Deficiency(ies) identified that are  
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#	Name of Federal Program	Amount
14.871	Housing Choice Voucher Program	\$ 2,966,619

Dollar threshold used to Distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as a low-risk auditee X yes \_\_\_\_\_ no

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported

**FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM  
AUDIT**

None reported



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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners  
Housing Authority of West New York  
6100 Adams Street  
West New York, New Jersey 07093

We have performed the procedure described in the second paragraph of this report, which was agreed to by Housing Authority of West New York and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Circular A-133 reporting package. Housing Authority of West New York is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, by Housing Authority of West New York as of and for the year ended September 30, 2015, and have issued our reports thereon dated February 25, 2016. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated September 30, 2015, was expressed in relation to the basic financial statements of Housing Authority of West New York taken as a whole.

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

This report is intended solely for the information and use of Housing Authority of West New York and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey  
February 25, 2016

ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURE

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