

PASSAIC COUNTY PUBLIC HOUSING AGENCY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEARS ENDED
DECEMBER 31, 2016 AND 2015**

**WITH
REPORT OF INDEPENDENT AUDITORS**

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Passaic County Public Housing Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the Passaic County Public Housing Agency ("the Agency") as of and for the year ended December 31, 2016 and the related notes to the financial statements, as listed in the accompanying table of contents.

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.

Auditors' 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Passaic County Public Housing Agency as of December 31, 2016 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements and supplementary information of the Passaic County Public Housing Agency as of and for the year ended December 31, 2015, were audited by other auditors whose report dated March 31, 2016, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Passaic County Public Housing Agency's financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and the financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2017 on our consideration of the Passaic County Public Housing Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Passaic County Public Housing Agency's internal control over financial reporting and compliance.

Novogradac & Company LLP

May 11, 2017
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

As Management of the Passaic County Public Housing Agency (the “Agency”), we offer readers of the Agency’s financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the Agency’s financial statements as presented elsewhere in this report.

A – Financial Highlights

1. For the fiscal year ended December 31, 2016, the assets of the Agency exceeded its liabilities by \$6,295,657 (net position). This represents an increase from the previous year when assets exceeded liabilities by \$6,002,853.
2. For the fiscal year December 31, 2016, the Agency reported ending unrestricted net position of \$6,048,478. The unrestricted net position increased \$213,502 from the prior year.
3. The Agency had total revenues of \$9,727,086 and total expenses of \$9,434,282 for the year ended December 31, 2016.
4. The Agency’s expenditures of federal awards amounted to \$9,430,670 for the fiscal year ended December 31, 2016.

B – Using the Annual Report

1. Management’s Discussion and Analysis

The Management’s Discussion and Analysis is intended to serve as an introduction to the Agency’s financial statements. The Agency’s financial statements and notes to the financial statements included in this report were prepared in accordance with Generally Accepted Accounting Principles in the United States (“GAAP”), applicable to the Governmental entities for Proprietary Fund types.

2. Financial Statements

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

The Statements of Net Position present information on all the Agency’s assets and liabilities, 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 Agency is improving or deteriorating.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

B – Using the Annual Report (continued)

2. Financial Statements (continued)

The Statements of Revenues, Expenses and Changes in Net Position present information showing how the Agency's net position changed during the most recent fiscal year. All changes in the net position are included, regardless of when cash is received or paid.

The Statements of Cash Flows present relevant information about the Agency's cash receipts and cash payments during the year.

The financial statements report on the Agency's activities. The activities are primarily supported by HUD subsidies and grants. The Agency's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 8 through 11 included in this report.

3. Notes To Financial Statements

The accompanying notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements begin on page 12 of this report.

C – Budgetary Highlights

For the fiscal year ended December 31, 2016, the Agency prepared a budget for its Housing Choice Voucher Program. The budget was prepared in accordance with the accounting procedures prescribed by HUD.

D – The Agency as a Whole

The Agency's net position increased during the fiscal year. The Agency's revenues include subsidies and grants received from HUD. The Agency receives subsidies each month based on a pre-authorized funding level. The Agency's revenues were sufficient to cover all expenses during the fiscal year.

The following table provides a summary of the Agency's assets, liabilities and net position:

	<u>2016</u>	<u>2015</u>
Cash and other current assets	\$ 6,945,964	\$ 5,962,267
Capital assets, net	8,424	12,036
Restricted cash	<u>517,161</u>	<u>365,418</u>
Total assets	<u>\$ 7,471,549</u>	<u>\$ 6,339,721</u>

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

D – The Agency as a Whole (continued)

	<u>2016</u>	<u>2015</u>
Liabilities	\$ <u>1,175,892</u>	\$ <u>336,868</u>
Net position:		
Net invest. in capital assets	8,424	12,036
Restricted	238,755	155,841
Unrestricted	<u>6,048,478</u>	<u>5,834,976</u>
Total net position	<u>6,295,657</u>	<u>6,002,853</u>
Total net position & liabilities	<u>\$ 7,471,549</u>	<u>\$ 6,339,721</u>

The following table provides a summary of the Agency's changes in net position:

	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
<u>Revenues:</u>				
HUD grants	\$ 9,521,597	97.89	\$ 9,649,616	97.50
Other revenues	191,316	1.97	236,399	2.39
Investment income	<u>14,173</u>	0.15	<u>11,136</u>	0.11
Total revenues	<u>9,727,086</u>	100.00	<u>9,897,151</u>	100.00
<u>Expenses:</u>				
Other operating expenses	857,866	9.09	844,707	8.86
HAP expenses	<u>8,576,416</u>	90.91	<u>8,685,674</u>	91.14
Total expenses	<u>9,434,282</u>	100.00	<u>9,530,381</u>	100.00
Change in net position	292,804		366,770	
Beginning net position	<u>6,002,853</u>		<u>5,636,083</u>	
Ending net position	<u>\$ 6,295,657</u>		<u>\$ 6,002,853</u>	

E – Capital Assets and Long-term Debt

The Agency did not make any capital purchases during the year ended December 31, 2016 and as of December 31, 2016 has incurred no interest bearing long-term debt. A summary of capital assets can be found in note 5 of the financial statements.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

E – Capital Assets and Long-term Debt

The Agency is in the process of evaluating sites for the development of an affordable housing complex, utilizing funds designated for the Passaic County Affordable Housing Corporation and other sources of grants and tax exempt financing.

F – Significant Changes From Year Ended December 31, 2015 to December 31, 2016

Restricted cash increased from \$365,418 in 2015 to \$517,161 in 2016 or \$151,743. The increase was primarily the result of HUD overfunding the Housing Choice Voucher Program during the year.

HUD grants decreased by \$128,019 from 2015 to 2016 as the Agency had a modest increase with twenty nine (24) additional unit months leased in 2016, however the average payment standard decreased during the year.

Other revenues decreased by \$45,083 as the Agency received a decrease in funds from portable tenants during the year ended December 31, 2016.

Tenant services costs decreased from \$151,072 in 2015 to \$101,290 in 2016 primarily due to a decrease in salaries from a temporary reduction in employees that provided tenant services.

G – Economic Factors and Next Year's Budgets and Rates

The state of the Federal budget deficit and the uncertainty surrounding the funding of domestic programs remains a significant factor in planning the Agency's annual budget. Housing Choice Voucher Program subsidies have been experiencing slow growth and administrative fees are being funded at a level less than 100% per year.

The Agency's unrestricted net position totaling \$6,048,478 appears sufficient to cover any reasonable shortfall that may occur in 2017.

H – Contacting the Agency's Financial Management

The financial report is designed to provide a general overview of the Agency'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 Janice DeJohn, Executive Director, Passaic County Housing Agency, 100 Hamilton Plaza, Suite 510, Paterson, NJ 07505.

FINANCIAL STATEMENTS

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2016 AND 2015**

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 6,906,901	\$ 5,938,137
Accounts receivable	39,063	23,724
Accrued interest receivable	<u>-</u>	<u>406</u>
Total current assets	<u>6,945,964</u>	<u>5,962,267</u>
Non-current assets:		
Restricted cash and cash equivalents	517,161	365,418
Capital assets, net	<u>8,424</u>	<u>12,036</u>
Total non-current assets	<u>525,585</u>	<u>377,454</u>
Total assets	<u>7,471,549</u>	<u>6,339,721</u>

LIABILITIES

Current liabilities:		
Accounts payable	20,659	11,655
Accounts payable - other government	25,188	59,255
Accrued compensated absences, current	5,344	5,657
Unearned revenues	<u>798,650</u>	<u>-</u>
Total current liabilities	<u>849,841</u>	<u>76,567</u>
Non-current liabilities:		
Accrued compensated absences, noncurrent	48,096	50,880
Non-current liabilities, other	<u>277,955</u>	<u>209,421</u>
Total non-current liabilities	<u>326,051</u>	<u>260,301</u>
Total liabilities	<u>1,175,892</u>	<u>336,868</u>

NET POSITION

Net position:		
Net investment in capital assets	8,424	12,036
Restricted	238,755	155,841
Unrestricted	<u>6,048,478</u>	<u>5,834,976</u>
Total net position	<u>\$ 6,295,657</u>	<u>\$ 6,002,853</u>

See accompanying notes to financial statements.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Operating revenues:		
HUD grants	\$ 9,521,597	\$ 9,649,616
Other revenues	<u>191,316</u>	<u>236,399</u>
Total operating revenues	<u>9,712,913</u>	<u>9,886,015</u>
Operating expenses:		
Administrative	748,674	668,215
Tenant services	101,290	151,072
General	4,290	21,808
Housing assistance payments	8,576,416	8,685,674
Depreciation	<u>3,612</u>	<u>3,612</u>
Total operating expenses	<u>9,434,282</u>	<u>9,530,381</u>
Operating income	<u>278,631</u>	<u>355,634</u>
Non-operating revenues:		
Investment income	<u>14,173</u>	<u>11,136</u>
Changes in net position	292,804	366,770
Total net position, beginning of year	<u>6,002,853</u>	<u>5,636,083</u>
Total net position, end of year	<u>\$ 6,295,657</u>	<u>\$ 6,002,853</u>

See accompanying notes to financial statements.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Cash received from tenants and other income	\$ 166,860	\$ 164,590
Cash received from grantors	9,531,120	9,653,931
Cash paid to suppliers	(8,181,323)	(9,176,355)
Cash paid to employees	<u>(410,323)</u>	<u>(475,205)</u>
Net cash flows provided by operating activities	<u>1,106,334</u>	<u>166,961</u>
 Cash Flows from Investing Activities:		
Interest received on investments	<u>14,173</u>	<u>11,136</u>
Net cash flows provided by investing activities	<u>14,173</u>	<u>11,136</u>
Net increase in cash and cash equivalents	1,120,507	178,097
Cash and cash equivalents, beginning of year	<u>6,303,555</u>	<u>6,125,458</u>
Cash and cash equivalents, end of year	<u>\$ 7,424,062</u>	<u>\$ 6,303,555</u>

	<u>2016</u>	<u>2015</u>
A reconciliation of cash and cash equivalents to Statements of Net Position is as follows:		
Cash and cash equivalents	\$ 6,906,901	\$ 5,938,137
Restricted cash and cash equivalents	<u>517,161</u>	<u>365,418</u>
	<u>\$ 7,424,062</u>	<u>\$ 6,303,555</u>

See accompanying notes to financial statements.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 278,631	\$ 355,634
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,612	3,612
Forgiveness of debt	-	(68,159)
Changes in operating assets and liabilities:		
Accounts receivable - HUD	9,117	4,320
Accounts receivable	(24,456)	(3,650)
Accrued interest receivable	406	(5)
Accounts payable	9,004	(213)
Accounts payable - other government	(34,067)	(123,667)
Accrued compensated absences	(3,097)	5,643
Unearned revenues	798,650	-
Other liabilities	<u>68,534</u>	<u>(6,554)</u>
Net cash provided by operating activities	<u>\$ 1,106,334</u>	<u>\$ 166,961</u>

See accompanying notes to financial statements.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Passaic County Public Housing Agency ("the Agency") was created by resolution of the Board of Chosen Freeholders of the County of Passaic to administer the County's Section 8 rental assistance program(s) administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Agency is governed by the County of Passaic's board of commissioners who appoint an executive director to manage the day-to-day operations of the Agency.

B. Description of the Program

Housing Choice Vouchers

The Housing Choice Voucher Program provides payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

C. Reporting Entity

In accordance with Statement No. 61 of the Government Accounting Standards Board ("GASB"), the Agency's basic financial statements include those of the Agency and any component units. Component units are legally separate, tax-exempt organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (the County) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, this report includes all programs and activities operated by the Agency. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year.

However, the Agency is a department of the County of Passaic ("the County") and as such is included in the Comprehensive Annual Financial Report of the County.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Agency administers one federal program (Housing Choice Vouchers). The program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual program accounts for the governmental resources allocated to it for the purpose of carrying on a specific program in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The Housing Choice Voucher program is accounted for within an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Agency's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Agency's financial statements are prepared in accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, ("GASB 34") as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Agency to include Management's Discussion and Analysis as part of the Required Supplemental Information.

The Agency's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Agency has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued *PIH Notice 2008-9* which, requires that housing assistance payments ("HAP"), under proprietary fund reporting, should be reported as restricted net assets (position); with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net assets (position), with the associated assets being reported on the Financial Data Schedule ("FDS") as unrestricted.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

Both administrative fee and HAP revenues continue to be recognized under the guidelines set forth in GASB Statement No. 33. Accordingly, both the time and purpose restrictions, as defined by GASB 33, are met when these funds are available and measurable, not when these funds are expended. The Housing Choice Voucher program is no longer a cost reimbursement grant, therefore the Agency recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

Any investment income earned on these funds are reflected in the net asset (position) account on which the investment income was earned. That is; investment income earned on HAP cash balances are credited to the HAP restricted net asset (position) account and investment income earned on administrative fee cash balances are credited to the unrestricted net asset (position) account.

E. Cash and cash equivalents

HUD requires housing authorities/agencies 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 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 Agency or with an unaffiliated bank or trust company for the account of the Agency.

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 Agency's policy to maintain collateralization in accordance with HUD requirements.

F. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

G. Capital Assets, net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets, net (continued)

Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- | | |
|---------------------------|-------------|
| • Furniture and Equipment | 3 - 5 Years |
| • Building Improvements | 15 Years |
| • Buildings | 40 Years |

The Agency has established a capitalization threshold of \$5,000.

H. Prepaid revenue

Prepaid revenue consists of the receipt of HUD and other governmental program funding applicable to future periods.

I. Taxes

The Agency is a unit of local government and is exempt from real estate, sales and income taxes.

J. Compensated Absences

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered. Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of retirement, an employee is compensated for one-half of the unused sick days up to a maximum of \$12,000 under the Agency's current personnel policy. The Agency's sick leave policy, in accordance with New Jersey State law, allows employees to carry over unused sick leave without penalty. Employees shall be permitted to carry a maximum of one year's accrued vacation time in addition to the employee's allotted time for the current year. No employee may carry more than one year's worth of vacation time to the next year without written approval of the County Administrator.

K. Operating Revenues and Expenses

The Agency defines its operating revenues as income derived from charges to residents and others for services provided, as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Agency classifies all other revenues as non-operating.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position — Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — All other net position that do not meet the definition of “restricted” or “investment in capital assets.”

M. Economic Dependency

The Section 8 Housing Choice Voucher Program of the Agency is economically dependent on operating grants and subsidies from HUD.

N. Use of Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

O. Budgets and Budgetary Accounting

The Agency is required by contractual agreements to adopt annual, appropriated operating budgets for its Housing Choice Voucher program. The budget is prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant period.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the previous three years.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2016 and 2015, the Agency had funds on deposit in checking, money market accounts and certificates of deposit.

For the fiscal years ended December 31, 2016 and 2015, the carrying amount of the Agency's cash (including restricted cash) was \$7,424,062 and \$6,303,555, and the bank balances were \$7,424,331 and \$6,318,973, respectively.

Of the bank balances, \$759,692 and \$750,000 were covered by federal depository insurance and the remaining \$6,664,639 and \$5,568,973 were collateralized through the Government Unit Deposit Protection Act ("GUDPA") for the fiscal years ended December 31, 2016 and 2015, respectively.

<u>Cash Account</u>	<u>2016</u>	<u>2015</u>
Insured:		
FDIC	\$ 759,692	\$ 750,000
Collateralized:		
GUDPA	<u>6,664,639</u>	<u>5,568,973</u>
	<u>\$ 7,424,331</u>	<u>\$ 6,318,973</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Agency does not have a formal policy for custodial credit risk. As of December 31, 2016 and 2015, the Agency's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE

As of December 31, 2016 and 2015, accounts receivable represents amounts due to the Agency from other local governments for portable tenants, amounts due from HUD for earned subsidy and amounts due from tenants for fraud recovery. There was no allowance for doubtful accounts because the Agency deemed all amounts to be fully collectible.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 4. RESTRICTED CASH

Restricted cash consists of the following at December 31, 2016 and 2015:

<u>Cash Category</u>	<u>2016</u>	<u>2015</u>
Housing assistance payments	\$ 238,755	\$ 155,841
Family self sufficiency program escrows	277,955	209,421
Interest earned on excess HAP funds	<u>451</u>	<u>156</u>
	<u>\$ 517,161</u>	<u>\$ 365,418</u>

Housing assistance payment reserves are restricted for use only in the Housing Choice Voucher program for tenant rents.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Housing Choice Voucher by FSS program participants.

Interest earned on excess HAP funds are restricted for the purpose of being remitted to HUD.

NOTE 5. CAPITAL ASSETS, NET

A summary of the changes in capital assets during the year ended December 31, 2016, were as follows:

<u>Description</u>	<u>December 31, 2015</u>	<u>Additions</u>	<u>Dispositions</u>	<u>December 31, 2016</u>
Depreciable capital assets:				
Furniture and equipment	\$ <u>18,061</u>	\$ -	\$ -	\$ <u>18,061</u>
Total	18,061	-	-	18,061
Less: accumulated depreciation	<u>6,025</u>	<u>3,612</u>	<u>-</u>	<u>9,637</u>
Net capital assets	<u>\$ 12,036</u>	<u>\$ (3,612)</u>	<u>\$ -</u>	<u>\$ 8,424</u>

A summary of the changes in capital assets during the year ended December 31, 2015, were as follows:

<u>Description</u>	<u>December 31, 2014</u>	<u>Additions</u>	<u>Dispositions</u>	<u>December 31, 2015</u>
Depreciable capital assets:				
Furniture and equipment	\$ <u>18,061</u>	\$ -	\$ -	\$ <u>18,061</u>
Total	18,061	-	-	18,061
Less: accumulated depreciation	<u>2,413</u>	<u>3,612</u>	<u>-</u>	<u>6,025</u>
Net capital assets	<u>\$ 15,648</u>	<u>\$ (3,612)</u>	<u>\$ -</u>	<u>\$ 12,036</u>

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 6. LONG TERM OBLIGATIONS

Long term liabilities had the following activity for the years ended December 31, 2016 and 2015:

	December 31, 2015	Additions	Retirements	December 31, 2016	Due in One Year
Accrued compensated absences	\$ 56,537	\$ 36,811	\$ 39,908	\$ 53,440	\$ 5,344
FSS escrows	<u>209,421</u>	<u>134,678</u>	<u>66,144</u>	<u>277,955</u>	<u>-</u>
	<u>\$ 265,958</u>	<u>\$ 171,489</u>	<u>\$ 106,052</u>	<u>\$ 331,395</u>	<u>\$ 5,344</u>
	December 31, 2014	Additions	Retirements	December 31, 2015	Due in One Year
Accrued compensated absences	\$ 50,894	\$ 36,429	\$ 30,786	\$ 56,537	\$ 5,657
FSS escrows	<u>215,975</u>	<u>105,628</u>	<u>112,182</u>	<u>209,421</u>	<u>-</u>
	<u>\$ 266,869</u>	<u>\$ 142,057</u>	<u>\$ 142,968</u>	<u>\$ 265,958</u>	<u>\$ 5,657</u>

NOTE 7. SALARIES AND EMPLOYEE BENEFITS

All personnel at the Agency are employees of the County. As such, costs for salaries, payroll taxes and employee benefits are charged to the Agency by the County. The Agency then reimburses the County periodically for employee costs inclusive of all health insurance and retirement benefits.

NOTE 8. RESTRICTED NET POSITION

As of December 31, 2016 and 2015, restricted net position consisted of the following:

	<u>2016</u>	<u>2015</u>
Housing assistance payments	\$ <u>238,755</u>	\$ <u>155,841</u>

Housing assistance payments reserves are restricted for rent payments to landlords as part of the Housing Choice Voucher program.

NOTE 9. CONTINGENCIES

The Agency receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2016 and 2015, the Agency estimates that no material liabilities will result from such audits.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 10. BOARD APPROVED RESERVES

During the fiscal year ended December 31, 2003, the Agency's Board of Commissioners, by resolution, designated up to \$3,300,000 of its unrestricted net position to be set aside for the development of affordable housing units within its jurisdiction by the Passaic County Affordable Housing Corporation. No significant development activity has occurred through December 31, 2016.

NOTE 11. SELF-INSURANCE WORKMEN'S COMPENSATION PLAN

The County has established a Workers' Compensation Plan for its employees. The County funds the entire cost of the plan. Claims are paid directly by the plan to Statutory Limits. The County will notify the Agency of any claims made which relate to Agency personnel. The County is responsible to pay all claims, however, they may seek reimbursement from the Agency

NOTE 12. SELF-INSURANCE LIABILITY PLAN

The County has established a liability trust reserve for the purpose of funding payments that may arise from any general, auto or other liability claims against the County on a self-insured basis. The County funds the entire cost of the plan. The County will notify the Agency of any claims made which relate to Agency business. The County is responsible to pay all claims, however, they may seek reimbursement from the Agency.

NOTE 13. SELF-INSURANCE HEALTH BENEFITS PLAN

The County has established a Health Benefits plan for its employees. The County funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$150,000 per employee per year, with any excess benefit being reimbursed through a Re-Insurance Agreement with Pacific Mutual Insurance Company up to \$1,000,000 per employee per year. The County will notify the Agency of any claims made which relate to Agency personnel. The County is responsible to pay all claims, however, they may seek reimbursement from the Agency.

NOTE 14. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Agency through May 11, 2017 (the date the financial statements were available to be issued) 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.



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

To the Board of Commissioners
Passaic County Public Housing Agency:

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 Passaic County Public Housing Agency, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Passaic County Public Housing Agency's basic financial statements, and have issued our report thereon dated May 11, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Novogrodac & Company LLP

May 11, 2017
Toms River, New Jersey



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
NEW JERSEY OMB CIRCULAR 15-08**

To the Board of Commissioners
Passaic County Public Housing Agency:

Report on Compliance for Each Major Federal Program

We have audited the Passaic County Public Housing Agency's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Passaic County Public Housing Agency's major federal programs for the year ended December 31, 2016. Passaic County Public Housing Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Passaic County Public Housing Agency'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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of New Jersey OMB Circular 15-08. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Passaic County Public Housing Agency'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 Passaic County Public Housing Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, Passaic County Public Housing Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of Passaic County Public Housing Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Passaic County Public Housing Agency's internal control over compliance with the types 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 circumstances 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 the Uniform Guidance, 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 Passaic County Public Housing Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

May 11, 2017
Toms River, New Jersey

Novogradac & Company LLP

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u> From / To		<u>Fiscal Year Expenditures</u>	<u>Cumulative Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>					
Section 8 Housing Choice Voucher Program: NJ090-2FPH-2014	14.871	1/1/16	12/31/16	\$ <u>9,430,670</u>	\$ <u>9,430,670</u>

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards ("the Schedule") includes the federal grant activity of the Passaic County Public Housing Agency under programs of the federal government for the year ended December 31, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Passaic County Public Housing Agency, it is not intended to and does not present the net position, changes in financial position or cash flows of the Passaic County Public Housing Agency.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2016**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| a. | Material Weakness(es) identified? | No |
| b. | Were reportable conditions identified? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|------------|
| 1. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 2. | Auditee qualified as low-risk Auditee? | Yes |
| 3. | Type of auditors' report on compliance for major programs: | Unmodified |
| 4. | Internal Control over compliance: | |
| a. | Material weakness(es) identified? | No |
| b. | Were reportable conditions identified? | No |
| c. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 5. | Identification of major programs: | |

CFDA Number

Name of Federal Program

14.871

Housing Choice Voucher Program

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
DECEMBER 31, 2016**

II. Financial Statement Findings

None.

III. Federal Award Findings and Questioned Costs

None.

IV. Summary of Prior Audit Findings

None.

Passaic County Housing Agency		
NJ090		
Financial Data Schedule (FDS)		
December 31, 2016		
Line Item #	Account Description	Housing Choice Vouchers
	ASSETS:	
	CURRENT ASSETS:	
	Cash:	
111	Cash - unrestricted	\$ 6,906,901
112	Cash - restricted - modernization and development	-
113	Cash - other restricted	516,710
114	Cash - tenant security deposits	-
115	Cash - restricted for payment of current liabilities	451
100	Total cash	7,424,062
	Accounts and notes receivables:	
121	Accounts receivable - PHA projects	-
122	Accounts receivable - HUD other projects	-
124	Accounts receivable - other government	-
125	Accounts receivable - miscellaneous	-
126	Accounts receivable- tenants	-
126.1	Allowance for doubtful accounts - tenants	-
126.2	Allowance for doubtful accounts - other	-
127	Notes and mortgages receivable- current	-
128	Fraud recovery	39,063
128.1	Allowance for doubtful accounts - fraud	-
129	Accrued interest receivable	-
120	Total receivables, net of allowances for doubtful accounts	39,063
	Current investments	
131	Investments - unrestricted	-
132	Investments - restricted	-
135	Investments - restricted for payment of current liability	-
142	Prepaid expenses and other assets	-
143	Inventories	-
143.1	Allowance for obsolete inventories	-
144	Interprogram - due from	-
145	Assets held for sale	-
150	TOTAL CURRENT ASSETS	7,463,125
	NONCURRENT ASSETS:	
	Fixed assets:	
161	Land	-
162	Buildings	-
163	Furniture, equipment & machinery - dwellings	-
164	Furniture, equipment & machinery - administration	18,061
165	Leasehold improvements	-
166	Accumulated depreciation	(9,637)
167	Construction in Progress	-
168	Infrastructure	-
160	Total fixed assets, net of accumulated depreciation	8,424
	Other non-current assets:	
171	Notes and mortgages receivable - non-current	-
172	Notes and mortgages receivable-non-current - past due	-
174	Other assets	-
175	Undistributed debits	-
176	Investment in joint ventures	-
180	TOTAL NONCURRENT ASSETS	8,424
190	TOTAL ASSETS	\$ 7,471,549

Passaic County Housing Agency				
NJ090				
Financial Data Schedule (FDS)				
December 31, 2016				
Line Item #		Account Description		Housing Choice Vouchers
LIABILITIES AND EQUITY:				
Liabilities:				
Current Liabilities:				
311		Bank overdraft	\$	-
312		Accounts payable ≤ 90 days		11,485
313		Accounts payable > 90 days past due		-
321		Accrued wage/payroll taxes payable		-
322		Accrued compensated absences - current portion		5,344
324		Accrued contingency liability		-
325		Accrued interest payable		-
331		Accounts payable - HUD PHA programs		9,174
332		Accounts payable - PHA projects		-
333		Accounts payable - other government		25,188
341		Tenant security deposits		-
342		Deferred revenue		798,650
343		Current portion of L-T debt - capital projects		-
344		Current portion of L-T debt - operating borrowings		-
345		Other current liabilities		-
346		Accrued liabilities - other		-
347		Interprogram - due to		-
310		TOTAL CURRENT LIABILITIES		849,841
NONCURRENT LIABILITIES:				
351		Long-term debt, net of current - capital projects		-
352		Long-term debt, net of current - operating borrowings		-
353		Non-current liabilities- other		277,955
354		Accrued compensated absences - noncurrent		48,096
355		Loan Liability - Non Current		-
356		FASB 5 Liabilities		-
357		Accrued pension and OPEB liabilities		-
350		TOTAL NONCURRENT LIABILITIES		326,051
300		TOTAL LIABILITIES		1,175,892
EQUITY:				
508.1		Invested in Capital Assets, Net of Related Debt		8,424
511.1		Restricted Net Assets		238,755
512.1		Unrestricted Net Assets		6,048,478
513		TOTAL EQUITY		6,295,657
600		TOTAL LIABILITIES AND EQUITY	\$	7,471,549
		Proof of concept		-

Passaic County Housing Agency		
NJ090		
Financial Data Schedule (FDS)		
December 31, 2016		
Line Item #	Account Description	Housing Choice Vouchers
REVENUE:		
70300	Net tenant rental revenue	\$ -
70400	Tenant revenue - other	-
70500	Total tenant revenue	-
70600	HUD PHA grants	9,521,597
70610	Capital grants	-
70710	Management fee	-
70720	Asset management fee	-
70730	Book keeping fee	-
70750	Other fees	-
70800	Other government grants	-
71100	Investment income - unrestricted	14,173
71200	Mortgage interest income	-
71300	Proceeds from disposition of assets held for sale	-
71301	Cost of sale of assets	-
71400	Fraud recovery	87,176
71500	Other revenue	104,140
71600	Gain or loss on sale of fixed asset	-
72000	Investment income - restricted	-
70000	TOTAL REVENUE	9,727,086
EXPENSES:		
Administrative		
91100	Administrative salaries	326,616
91200	Auditing fees	11,440
91300	Outside management fees	-
91310	Book-keeping fee	-
91400	Advertising and marketing	-
91500	Employee benefit contributions- administrative	242,617
91600	Office expenses	106,741
91700	Legal expenses	59,035
91800	Travel	2,225
91810	Allocated overhead	-
91900	Other	-
92000	Asset Management Fee	-
Tenant services		
92100	Tenant services - salaries	80,454
92200	Relocation costs	-
92300	Employee benefit contributions- tenant service	20,836
92400	Tenant services - other	-
Utilities		
93100	Water	-
93200	Electricity	-
93300	Gas	-
93400	Fuel	-
93500	Labor	-
93600	Sewer	-
93700	Employee benefit contributions- utilities	-
93800	Other utilities expense	-

Passaic County Housing Agency		
NJ090		
Financial Data Schedule (FDS)		
December 31, 2016		
Line Item #	Account Description	Housing Choice Vouchers
	Ordinary maintenance & operator	
94100	Ordinary maintenance and operations - labo	-
94200	Ordinary maintenance and operations - materials & othe	-
94300	Ordinary maintenance and operations - contract cost	-
94500	Employee benefit contributions- ordinary maintenanc	-
	Protective service:	
95100	Protective services - labo	-
95200	Protective services- other contract cost	-
95300	Protective services - other	-
95500	Employee benefit contributions- protective service	-
	General expenses	
96100	Insurance premiums	-
96200	Other general expenses	4,290
96210	Compensated absences	-
96300	Payments in lieu of taxes	-
96400	Bad debt - tenant rents	-
96500	Bad debt- mortgages	-
96600	Bad debt - other	-
96700	Interest expense	-
96710	Amortization of bond issue cost	-
96800	Severance expense	-
96900	TOTAL OPERATING EXPENSES	854,254
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	8,872,832
97100	Extraordinary maintenance	-
97200	Casualty losses - non capitalizex	-
97300	Housing assistance payment:	8,483,921
97350	HAP Portability - ir	92,495
97400	Depreciation expense	3,612
97500	Fraud losses	-
97800	Dwelling units rent expens	-
90000	TOTAL EXPENSES	9,434,282
	OTHER FINANCING SOURCES (USES)	
10010	Operating transfers in	-
10020	Operating transfers out	-
10030	Operating transfers from/to primary government	-
10040	Operating transfers from/to component unit	-
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 program and project out	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	292,804

Passaic County Housing Agency		
NJ090		
Financial Data Schedule (FDS)		
December 31, 2016		
Line Item #	Account Description	Housing Choice Vouchers
MEMO ACCOUNT INFORMATION:		
11020	Required annual debt principal payments	-
11030	Beginning equity	6,002,853
11040	Prior period adjustments and equity transfers	-
11170	Administrative fee equity	6,031,558
11180	Housing assistance payments equity	238,755
		6,270,313
11190	Unit months available	10,020
11210	Number of unit months leased	9,937
	Equity Roll Forward Test:	
	Calculation from R/E Statement	\$ 6,295,657
	B/S Line 513	\$ 6,295,657
		\$ -