

PASSAIC COUNTY PUBLIC HOUSING AGENCY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2018

**WITH
REPORT OF INDEPENDENT AUDITORS**

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
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YEAR ENDED DECEMBER 31, 2018**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of the
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, 2018 and the related notes to the financial statements, which collectively comprise the Agency's financial statements as listed in the 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 Agency'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 Agency'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 Agency as of December 31, 2018, 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.

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 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic 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 not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic 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 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 14, 2019 on our consideration of the 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 Agency's internal control over financial reporting and compliance.

May 14, 2019
Toms River, New Jersey

Novogradac & Company LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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, 2018. 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, 2018, the assets of the Agency exceeded its liabilities by \$6,374,815 (net position). This represents a decrease from the previous year when assets exceeded liabilities by \$6,408,812.
2. For the fiscal year December 31, 2018, the Agency reported ending unrestricted net position of \$6,211,487. The unrestricted net position increased \$66,266 from the prior year.
3. The Agency had total revenues of \$9,507,164 and total expenses of \$9,491,161 for the year ended December 31, 2018.
4. The Agency’s expenditures of federal awards amounted to \$9,557,198 for the fiscal year ended December 31, 2018.

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 Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents 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, 2018**

B – Using the Annual Report (continued)

2. Financial Statements (continued)

The Statement of Revenues, Expenses and Changes in Net Position presents 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 Statement of Cash Flows presents 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, 2018, the Agency prepared a budget for its Section 8 Housing Choice Vouchers 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 decreased 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 following table provides a summary of the Agency's assets, liabilities and net position:

	<u>2018</u>	<u>2017</u>
Cash and other current assets	\$ 6,283,564	\$ 6,265,981
Capital assets, net	20,849	4,812
Restricted cash	<u>475,312</u>	<u>615,249</u>
 Total assets	 <u>\$ 6,779,725</u>	 <u>\$ 6,886,042</u>

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

D – The Agency as a Whole (continued)

	<u>2018</u>	<u>2017</u>
Liabilities	\$ <u>404,910</u>	\$ <u>477,230</u>
Net position:		
Net investment in capital assets	20,849	4,812
Restricted	142,479	258,779
Unrestricted	<u>6,211,487</u>	<u>6,145,221</u>
Total net position	<u>6,374,815</u>	<u>6,408,812</u>
Total net position & liabilities	<u>\$ 6,779,725</u>	<u>\$ 6,886,042</u>

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

	<u>2018</u>	<u>2017</u>
<u>Revenues:</u>		
HUD grants	\$ 9,316,202	\$ 9,466,246
Other revenues	144,685	150,923
Investment income	<u>46,277</u>	<u>29,766</u>
Total revenues	<u>9,507,164</u>	<u>9,646,935</u>
<u>Expenses:</u>		
Other operating expenses	919,109	919,713
HAP expenses	<u>8,572,052</u>	<u>8,614,067</u>
Total expenses	<u>9,491,161</u>	<u>9,533,780</u>
Transfer to affiliate	<u>(50,000)</u>	<u>-</u>
Change in net position	(33,997)	113,155
Beginning net position	<u>6,408,812</u>	<u>6,295,657</u>
Ending net position	<u>\$ 6,374,815</u>	<u>\$ 6,408,812</u>

E – Capital Assets and Long-term Debt

The Agency made capital asset purchases totaling \$20,684 during the year ended December 31, 2018. 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, 2018**

E – Capital Assets and Long-term Debt

The Agency has identified a potential site to develop for affordable housing and is currently in negotiations with a local government in regards to acquiring the property. This site will be 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. During the year ended December 31, 2018, the Agency reimbursed the Passaic Affordable Housing Corporation, \$50,000 for related pre-development costs.

F – Significant Changes from Year Ended December 31, 2017 to December 31, 2018

Restricted cash decreased from \$615,249 in 2017 to \$475,132 in 2018 or \$140,117. The decrease was primarily due to the result of HUD underfunding the Section 8 Housing Choice Vouchers Program during the year.

HUD Operating grants decreased by \$150,044 from 2017 to 2018 as the Agency had a decrease with one hundred and fifty (150) less unit months leased in 2018, however the average payment standard increased during the year.

Other revenues decreased by \$6,238 as the Agency received a decrease in funds from portable tenants during the year ended December 31, 2018.

Administrative expenses increased by \$12,368 primarily due to an increase in administrative benefits.

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. The Section 8 Housing Choice Vouchers 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 \$6,211,487 appears sufficient to cover any reasonable shortfall that may occur in the subsequent year.

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 Public Housing Agency, 100 Hamilton Plaza, Suite 510, Paterson, NJ 07505.

FINANCIAL STATEMENTS

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2018**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 6,244,219
Fraud recovery receivable	36,108
Accrued interest receivable	<u>3,237</u>
Total current assets	<u>6,283,564</u>
Non-current assets:	
Restricted cash	475,312
Capital assets, net	<u>20,849</u>
Total non-current assets	<u>496,161</u>
Total assets	<u>6,779,725</u>

LIABILITIES

Current liabilities:	
Accounts payable	14,965
Accrued compensated absences, current	<u>5,711</u>
Total current liabilities	<u>20,676</u>
Non-current liabilities:	
Accrued compensated absences, non-current	51,401
Other non-current liabilities	<u>332,833</u>
Total non-current liabilities	<u>384,234</u>
Total liabilities	<u>404,910</u>

NET POSITION

Net position:	
Net investment in capital assets	20,849
Restricted	142,479
Unrestricted	<u>6,211,487</u>
Total net position	<u>\$ 6,374,815</u>

See accompanying notes to financial statements.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018**

Operating revenues:	
HUD operating grants	\$ 9,316,202
Other revenues	<u>144,685</u>
Total operating revenues	<u>9,460,887</u>
Operating expenses:	
Administrative	905,614
Ordinary maintenance and operations	3,149
General expenses	5,699
Housing assistance payments	8,572,052
Depreciation	<u>4,647</u>
Total operating expenses	<u>9,491,161</u>
Operating loss	<u>(30,274)</u>
Non-operating revenues:	
Investment income	<u>46,277</u>
Net non-operating revenues	<u>46,277</u>
Income before special items	16,003
Transfer to affiliate	<u>(50,000)</u>
Change in net position	(33,997)
Total net position, beginning of year	<u>6,408,812</u>
Total net position, end of year	<u>\$ 6,374,815</u>

See accompanying notes to financial statements.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

Cash Flows from Operating Activities:	
Cash received from tenants and other income	\$ 147,388
Cash received from grantors	9,316,202
Cash paid to vendors and suppliers	(8,653,236)
Cash paid to employees	<u>(905,614)</u>
Net cash used in operating activities	<u>(95,260)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	<u>(20,684)</u>
Net cash used in capital and related financing activities	<u>(20,684)</u>
Cash flows from Non-capital and Related Financing Activities:	
Transfer to affiliate	<u>(50,000)</u>
Net cash used in non-capital and related financing activities	<u>(50,000)</u>
Cash Flows from Investing Activities:	
Interest received on investments	<u>46,277</u>
Net cash provided by investing activities	<u>46,277</u>
Net decrease in cash and cash equivalents	(119,667)
Cash and cash equivalents, beginning of year	<u>6,839,198</u>
Cash and cash equivalents, end of year	<u><u>\$ 6,719,531</u></u>
Reconciliation of cash and cash equivalents to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 6,244,219
Restricted cash	<u>475,312</u>
	<u><u>\$ 6,719,531</u></u>

See accompanying notes to financial statements.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
STATEMENT OF CASH FLOWS (continued)
YEAR ENDED DECEMBER 31, 2018**

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (30,274)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,647
Changes in operating assets and liabilities:	
Fraud recovery receivable	2,703
Accrued interest receivable	(16)
Accounts payable	(33,135)
Accrued compensated absences	(15,548)
Other liabilities	<u>(23,637)</u>
Net cash used in operating activities	<u>\$ (95,260)</u>

See accompanying notes to financial statements.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 (the "County") 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's board of commissioners who appoint an executive director to manage the day-to-day operations of the Agency. The governing board is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs.

B. Basis of Accounting / Financial Statement Presentation

The Authority'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 a Section 8 Housing Choice Vouchers Program. The program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position, 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 Section 8 Housing Choice Vouchers 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 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). 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 Supplementary Information.

The Agency's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), 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.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

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

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 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 Section 8 Housing Choice Vouchers 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.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Agency. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Agency's basic financial statements include those of the Agency and any component units. Component units are legally separate 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 (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 and as such is included in their Comprehensive Annual Financial Report.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs

The Agency maintains its accounting records by program. A description of the significant program operated by the Authority is as follows:

Section 8 Housing Choice Vouchers

The Agency administers a program of rental assistance 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 household.

E. Use of Management Estimates

The preparation of financial statements in accordance 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, 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, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

New Jersey Agencies 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 the 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 Agencies.

The Agency 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. N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act. HUD requires housing 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.

It is the Agency's policy to maintain collateralization in accordance with state and HUD requirements. 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.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fraud Recovery Receivable, Net

Fraud recovery receivable represents monies owed by tenants who have committed fraud or misrepresentation and now owe additional rent for prior period or retroactive rent. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

H. Allowance for Doubtful Accounts

The Agency periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Agency prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

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

J. 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 are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

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.

K. Impairment of Long Lived Assets

The Agency evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Agency determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Agency's financial statements. For the year ended December 31, 2018, there were no impairment losses incurred.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Accounts Payable and Accrued Liabilities

The Agency recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

M. 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.

N. Operating Revenues and Expenses

The Agency defines its operating revenues as income derived from charges to residents, 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 and expenses as non-operating.

O. 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 resources that do not meet the definition of "restricted" or "net investment in capital assets."

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Taxes

The Authority is a department within County government and under the State of New Jersey law, is exempt from real estate, sales and income taxes by both the federal and state governments.

Q. Budgets and Budgetary Accounting

The Agency is required by contractual agreements to adopt annual, appropriated operating budgets for its Section 8 Housing Choice Vouchers 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.

NOTE 2. CASH AND CASH EQUIVALENTS

As of December 31, 2018, the Agency had funds on deposit in checking, money market accounts and certificates of deposit. The carrying amount of the Agency's cash and cash equivalents (including restricted cash) was \$6,719,531, and the bank balances approximated \$6,720,909 as of December 31, 2018.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 6,244,219
Restricted	<u>475,312</u>
Total cash and cash equivalents	<u>\$ 6,719,531</u>

Of the bank balances, \$250,000 was covered by federal depository insurance and the remaining \$6,469,531 was collateralized through the GUDPA as of December 31, 2018.

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, 2018, the Agency's bank balances were not exposed to custodial credit risk.

NOTE 3. FRAUD RECOVERY RECEIVABLE

As of December 31, 2018, fraud recovery receivable represents amounts due from tenants, who committed fraud or misrepresentation and now owe additional rent for prior periods, in the amount of \$36,108. Management has determined this amount to be fully collectible and has not established an allowance for doubtful accounts.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4. RESTRICTED DEPOSITS

As of December 31, 2018, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Amount</u>
Housing assistance payments	\$ 142,479
Family self sufficiency program escrows	<u>332,833</u>
 Total restricted deposits	 <u>\$ 475,312</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Section 8 Housing Choice Vouchers Program by FSS program participants.

NOTE 5. CAPITAL ASSETS, NET

The following is a summary of the changes in capital assets during the year ended December 31, 2018:

<u>Description</u>	<u>December 31, 2017</u>	<u>Additions</u>	<u>Dispositions</u>	<u>December 31, 2018</u>
Depreciable capital assets:				
Furniture and equipment	\$ <u>18,061</u>	\$ <u>20,684</u>	\$ <u>-</u>	\$ <u>38,745</u>
Total	18,061	20,684	-	38,745
Less: accumulated depreciation	<u>13,249</u>	<u>4,647</u>	<u>-</u>	<u>17,896</u>
Net capital assets	<u>\$ 4,812</u>	<u>\$ 16,037</u>	<u>\$ -</u>	<u>\$ 20,849</u>

Depreciation expense for the year ended December 31, 2018 amounted to \$4,647.

NOTE 6. ACCOUNTS PAYABLE

As of December 31, 2018, accounts payable consisted of the following:

<u>Description</u>	<u>Amount</u>
Accounts payable - vendors	\$ 13,181
Accounts payable - PHA	<u>1,784</u>
 Total accounts payable	 <u>\$ 14,965</u>

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6. ACCOUNTS PAYABLE (continued)

Accounts Payable - Vendors

Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - PHA

Accounts payable - PHA represents amounts due and payable to other Authorities under the portability provisions of the Section 8 Housing Choice Vouchers Program.

NOTE 7. NON-CURRENT LIABILITIES

Non-current liabilities activity during the year ended December 31, 2018 consisted of the following:

	December 31, 2017	Additions	Retirements	December 31, 2018	Due in One Year
Compensated absences	\$ 72,660	\$ 25,634	\$ 41,182	\$ 57,112	\$ 5,711
FSS escrows	356,470	177,124	200,761	332,833	-
	\$ 429,130	\$ 202,758	\$ 241,943	\$ 389,945	\$ 5,711

NOTE 8. 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 9. RESTRICTED NET POSITION

As of December 31, 2018, restricted net position amounted to \$142,479 for housing assistance payments reserves, which are restricted for rent payments to landlords as part of the Section 8 Housing Choice Vouchers Program.

NOTE 10. RISK MANAGEMENT

The Agency 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 disaster. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles for the previous three years.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 11. ECONOMIC DEPENDENCY

The Section 8 Housing Choice Vouchers Program of the Authority is economically dependent on grants and subsidies from HUD. The program operates at a loss prior to receiving the grants.

NOTE 12. 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, 2018, the Agency estimates that no material liabilities will result from such audits.

NOTE 13. 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 with the Passaic County Affordable Housing Corporation. During the year ended December 31, 2018, the Authority transferred \$50,000 to the Passaic Affordable Housing Corporation for reimbursement of expenditures related to the development.

NOTE 14. SELF-INSURANCE PLANS

The County has established the following plans for its employees:

Self-Insurance Worker's Compensation Plan

The County funds the entire cost of the plan. Claims are paid directly by the plan up to their 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.

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 and will notify the Agency of any claims made which relate to Agency business. The County is responsible to pay all claims.

Self-Insurance Health Benefits Plan

The County funds the entire cost of the plan with claims being paid directly by the County. The County will notify the Agency of any claims made which relate to Agency personnel.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 15. 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 14, 2019 (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 of the
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 (the "Agency") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated May 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Novogradac & Company LLP

May 14, 2019
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 of the
Passaic County Public Housing Agency:

Report on Compliance for Each Major Federal Program

We have audited the Passaic County Public Housing Agency's (the "Agency") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Agency's major federal programs for the year ended December 31, 2018. The 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 federal statutes, regulations 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 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 the 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 the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2018.

Report on Internal Control Over Compliance

Management of the 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 the 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 the 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 and the State of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

May 14, 2019
Toms River, New Jersey

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>		<u>Grant Award</u>	<u>Fiscal Year Expenditures</u>	<u>Cumulative Expenditures</u>
		<u>From</u>	<u>/ To</u>			
<u>U.S. Department of Housing and Urban Development</u>						
Housing Vouchers Cluster						
Section 8 Housing Choice Vouchers Program:	14.871	1/1/18	12/31/18	\$ <u>9,316,202</u>	\$ <u>9,557,198</u>	\$ <u>9,557,198</u>
Total Housing Vouchers Cluster				9,316,202	9,557,198	9,557,198
Total U.S. Department of Housing and Urban Development				\$ <u>9,316,202</u>	\$ <u>9,557,198</u>	\$ <u>9,557,198</u>

See notes to schedule of expenditures of federal awards.

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Agency under programs of the federal government for the year ended December 31, 2018. 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 Agency, it is not intended to and does not present the financial position, changes in net position or cash flows of the 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 principles contained in the Uniform Guidance and the State of New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The Agency 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, 2018**

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. Significant deficiency(ies) identified? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|------------|
| 1. | Internal control over compliance | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | No |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): | No |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Vouchers Program

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | Yes |

**PASSAIC COUNTY PUBLIC HOUSING AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
DECEMBER 31, 2018**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Audit Findings

There were no findings or questioned costs in the prior year.

Passaic Public County Housing Agency		
NJ090		
Financial Data Schedule (FDS)		
December 31, 2018		
Line Item #	Account Description	14.871 Section 8 Housing Choice Vouchers
ASSETS:		
CURRENT ASSETS:		
Cash:		
111	Cash - unrestricted	\$ 6,243,356
112	Cash - restricted - modernization and development	-
113	Cash - other restricted	475,312
114	Cash - tenant security deposits	-
115	Cash - restricted for payment of current liabilities	863
100	Total cash	6,719,531
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	36,108
128.1	Allowance for doubtful accounts - fraud	-
129	Accrued interest receivable	3,237
120	Total receivables, net of allowances for doubtful accounts	39,345
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	6,758,876
NONCURRENT ASSETS:		
Fixed assets:		
161	Land	-
162	Buildings	-
163	Furniture, equipment & machinery - dwellings	-
164	Furniture, equipment & machinery - administration	38,745
165	Leasehold improvements	-
166	Accumulated depreciation	(17,896)
167	Construction in Progress	-
168	Infrastructure	-
160	Total fixed assets, net of accumulated depreciation	20,849
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	20,849
190	TOTAL ASSETS	\$ 6,779,725

Passaic Public County Housing Agency		
NJ090		
Financial Data Schedule (FDS)		
December 31, 2018		
Line Item #	Account Description	14.871 Section 8 Housing Choice Vouchers
LIABILITIES AND EQUITY:		
Liabilities:		
Current Liabilities:		
311	Bank overdraft	\$ -
312	Accounts payable ≤ 90 days	13,181
313	Accounts payable > 90 days past due	-
321	Accrued wage/payroll taxes payable	-
322	Accrued compensated absences - current portion	5,711
324	Accrued contingency liability	-
325	Accrued interest payable	-
331	Accounts payable - HUD PHA programs	-
332	Accounts payable - PHA projects	1,784
333	Accounts payable - other government	-
341	Tenant security deposits	-
342	Deferred revenue	-
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	20,676
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	332,833
354	Accrued compensated absences - noncurrent	51,401
355	Loan Liability - Non Current	-
356	FASB 5 Liabilities	-
357	Accrued pension and OPEB liabilities	-
350	TOTAL NONCURRENT LIABILITIES	384,234
300	TOTAL LIABILITIES	404,910
EQUITY:		
508.1	Invested in Capital Assets, Net of Related Debt	20,849
511.1	Restricted Net Assets	142,479
512.1	Unrestricted Net Assets	6,211,487
513	TOTAL EQUITY	6,374,815
600	TOTAL LIABILITIES AND EQUITY	\$ 6,779,725
Proof of concept		-

Passaic Public County Housing Agency		
NJ090		
Financial Data Schedule (FDS)		
December 31, 2018		
Line Item #	Account Description	14.871 Section 8 Housing Choice Vouchers
	REVENUE:	
70300	Net tenant rental revenue	\$ -
70400	Tenant revenue - other	-
70500	Total tenant revenue	-
70600	HUD PHA grants	9,316,202
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	46,277
71200	Mortgage interest income	-
71300	Proceeds from disposition of asseets held for sale	-
71301	Cost of sale of assets	-
71400	Fraud recovery	66,593
71500	Other revenue	78,092
71600	Gain or loss on sale of fixed assets	-
72000	Investment income - restricted	-
70000	TOTAL REVENUE	9,507,164
	EXPENSES:	
	Administrative	
91100	Administrative salaries	418,506
91200	Auditing fees	11,945
91300	Outside management fees	-
91310	Book-keeping fee	-
91400	Advertising and marketing	-
91500	Employee benefit contributions- administrative	322,534
91600	Office expenses	107,574
91700	Legal expenses	39,550
91800	Travel	5,505
91810	Allocated overhead	-
91900	Other	-
92000	Asset Management Fee	-
	Tenant services	
92100	Tenant services - salaries	-
92200	Relocation costs	-
92300	Employee benefit contributions- tenant services	-
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 Public County Housing Agency				
NJ090				
Financial Data Schedule (FDS)				
December 31, 2018				
Line Item #		Account Description		14.871 Section 8 Housing Choice Vouchers
		Ordinary maintenance & operation		
94100		Ordinary maintenance and operations - labor	-	
94200		Ordinary maintenance and operations - materials & other	-	
94300		Ordinary maintenance and operations - contract costs	3,149	
94500		Employee benefit contributions- ordinary maintenance	-	
		Protective services		
95100		Protective services - labor	-	
95200		Protective services- other contract costs	-	
95300		Protective services - other	-	
95500		Employee benefit contributions- protective services	-	
		General expenses		
96100		Insurance premiums	-	
96200		Other general expenses	5,699	
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 costs	-	
96800		Severance expense	-	
96900		TOTAL OPERATING EXPENSES	914,462	
97000		EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	8,592,702	
97100		Extraordinary maintenance	-	
97200		Casualty losses - non capitalized	-	
97300		Housing assistance payments	8,505,526	
97350		HAP Portability - in	66,526	
97400		Depreciation expense	4,647	
97500		Fraud losses	-	
97800		Dwelling units rent expense	-	
90000		TOTAL EXPENSES	9,491,161	
		OTHER FINANCING SOURCES (USES)		
10010		Operating transfers in	-	
10020		Operating transfers out	-	
10030		Operating transfers from/to primary government	(50,000)	
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)	(50,000)	
10000		EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(33,997)	

Passaic Public County Housing Agency		
NJ090		
Financial Data Schedule (FDS)		
December 31, 2018		
Line Item #	Account Description	14.871 Section 8 Housing Choice Vouchers
MEMO ACCOUNT INFORMATION:		
11020	Required annual debt principal payments	-
11030	Beginning equity	6,408,812
11040	Prior period adjustments and equity transfers	-
11170	Administrative fee equity	6,187,121
11180	Housing assistance payments equity	142,479
		6,329,600
11190	Unit months available	10,020
11210	Number of unit months leased	9,706
	Equity Roll Forward Test:	
	Calculation from R/E Statement	\$ 6,374,815
	B/S Line 513	\$ 6,374,815
		\$ -