

PASSAIC COUNTY PUBLIC
HOUSING AGENCY
Paterson, New Jersey

FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
Management's Discussion and Analysis	1-4
Independent Auditor's Report	5-6
<u>FINANCIAL STATEMENTS</u>	
Comparative Statement of Net Position	7
Comparative Statement of Revenue, Expenses and Changes in Net Position	8
Comparative Statement of Cash Flows	9
Notes to Financial Statements	10-17
<u>SUPPLEMENTAL INFORMATION</u>	
Financial Data Schedule	18-22
Schedule of Expenditures of Federal Awards	23
<u>OTHER REPORTS AND COMMENTS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	24-25
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	26-27
Status of Prior Audit Findings	28

Passaic County Public Housing Agency
Management's Discussion and Analysis
December 31, 2020

As Management of 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, 2020. 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- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$6,929,487 (net position) as opposed to \$6,377,982 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Agency's Proprietary Fund reported an ending Unrestricted Net Position surplus of \$6,490,688.

3 – The Agency's cash and cash equivalent balances at December 31, 2020 were \$4,427,775, representing a decrease of \$2,407,387 from the prior fiscal year. This decrease is due to the purchase of certificates of deposit of \$3,083,630 with maturities more than ninety days from the date of purchase. In accordance with GAAP, these are included in investments in the statement of net position.

4 – The Agency had Total Operating Revenues of \$10,676,056 and Total Operating Expenses of \$10,164,595 (including depreciation of \$6,324) for the year ended December 31, 2020.

5 – The Agency's Expenditures of Federal Awards amounted to \$10,518,777 for the fiscal year.

B – Using the Annual Report

1 – Management's Discussion and Analysis

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

2 – Financial Statements

The financial statements are designed to provide readers with a broad overview of the 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. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenue, 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 net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g.; depreciation and earned but unused vacation leave).

The Statement of Cash Flows presents information showing how the Agency's cash and cash equivalents position changed during the year. The statement classifies cash receipts and cash payments as resulting from operating activities, capital and related financing activities and investing activities. 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 7 through 9.

Passaic County Public Housing Agency
Management's Discussion and Analysis
December 31, 2020

3 – Notes to Financial Statements

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

4 – Supplemental Information

The Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, The SEFA can be found on page 24 of this report.

C – The Agency as a Whole

The Agency's Net Position increased during the fiscal year as detailed below. The Agency's revenues are primarily subsidies and grants received from HUD. The Agency receives subsidies each month based on a pre-approved amount by HUD. Grants are released to the Agency based on need against a pre-authorized funding level. The Agency's revenues were sufficient to cover all expenses, excluding depreciation during the fiscal year.

By far, the largest portion of the Agency's net position is reflected in its cash and investment position. These assets are liquid and readily available for future spending.

D – Budgetary Highlights

For the year ended December 31, 2020 individual program or grant budgets were prepared by the Agency and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. (Also, the Agency adopted a comprehensive annual budget for the General Fund.) The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the excess of revenues over expenses, the Agency's Net Position increased during the fiscal year.

E – Capital Assets and Debt Administration

1 – Capital Assets

As of December 31, 2020, the Agency's net investment in capital assets for its Proprietary Fund was \$75,689 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress. Major capital assets purchased using CARES Act Funding of \$66,501 during the fiscal year pertained to expenditures made in accordance with the COVID-19 Grantee Guidance released by HUD. Additional informational on the Authority's capital assets can be found in Note 5 to the Financial Statements which is included in this Report.

2 – Long Term Debt

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

Passaic County Public Housing Agency
Management's Discussion and Analysis
December 31, 2020

F – Significant Changes from FYE December 31, 2019 to December 31, 2020

Changes in the Statement of Net Position

Unrestricted and Restricted Cash and other current assets increased \$660,440 primarily because the Authority' cash and investments increased \$676,243. This significant increase in cash and investments is mainly due to the \$551,461 increase in net position.

Net fixed assets increased \$60,177 during the current fiscal year. The Authority had \$66,501 of fixed asset additions and incurred \$6,324 of depreciation expense.

Unearned Revenue increased \$283,999 because the Agency earned \$395,082 of CARES Act Funding due to the COVID-19 pandemic, and only recognized \$111,083 of the funding as revenue during the current fiscal year based upon expenditures.

Other Non-current Liabilities decreased by \$97,538 from the previous fiscal year due to a high number of completions and forfeitures in the FSS Program.

Unrestricted Net Position (HAP Equity) in the housing choice voucher increased from \$6,363,688 in 2019 to \$6,566,377 in 2020. \$4,283,360 of this amount represents Pre-2004 administrative fee reserves.

Changes in the Statement of Revenues, Expenses and Changes in Net Position

Total operating revenue increased \$689,474. In the Housing Choice Voucher Program, Housing Assistance Payments increased \$534,720, and Administrative Fees Earned increased \$154,754. The Agency also recognized \$111,083 of CARES Act Revenue in the current fiscal year.

Interest Income decreased \$50,953 in comparison to the previous fiscal year due to a sharp decline in interest rates, which was the result of the COVID-19 pandemic.

Operating expenses (excluding depreciation expense) increased \$165,695 when compared to the prior fiscal year. The primary reasons for this increase is a \$127,942 increase in HAP Expenses, an increase of \$25,248 in Ordinary Maintenance and Operating Expenses, and a \$34,143 increase in Tenant Services Expenses.

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

The following factors were considered in preparing the Agency's budget for the fiscal year ending December 31, 2021.

- 1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Agency.
- 2 – The need for Congress to reduce funding for HUD programs due to the current fiscal crisis and federal budget deficits.

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 the Executive Director, Passaic County Public Housing Agency, 100 Hamilton St #510, Paterson, NJ 07505, or call (973) 881-4369.

Passaic County Public Housing Agency
Management's Discussion and Analysis
December 31, 2020

Composition of Net Position is as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>December</u> <u>31, 2020</u>	<u>December</u> <u>31, 2019</u>		
Unrestricted Cash and Other Current Assets	\$ 6,569,873	\$ 6,446,373	\$ 123,500	1.9%
Restricted Cash	962,910	425,970	536,940	126.1%
Net Fixed Assets	<u>75,689</u>	<u>15,512</u>	<u>60,177</u>	<u>387.9%</u>
Total Assets and Def. Outflow of Resources	<u>7,608,472</u>	<u>6,887,855</u>	<u>720,617</u>	<u>10.5%</u>
Less: Total Liabilities	(678,985)	(509,873)	(169,112)	33.2%
Total Net Position	<u>\$ 6,929,487</u>	<u>\$ 6,377,982</u>	<u>\$ 551,505</u>	<u>8.6%</u>
Net Investment in Capital Assets	75,689	15,512	60,177	387.9%
Restricted Net Position	363,110	14,294	348,816	0.0%
Unrestricted Net Position	<u>6,490,688</u>	<u>6,348,176</u>	<u>142,512</u>	<u>2.2%</u>
Total Net Position	<u>\$ 6,929,487</u>	<u>\$ 6,377,982</u>	<u>\$ 551,505</u>	<u>8.6%</u>

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>December</u> <u>31, 2020</u>	<u>December</u> <u>31, 2019</u>		
<u>Revenues</u>				
HUD Operating Grants	10,518,777	9,829,303	689,474	7.0%
Other	<u>157,279</u>	<u>80,780</u>	<u>76,499</u>	<u>94.7%</u>
Total Operating Revenues	<u>10,676,056</u>	<u>9,910,083</u>	<u>765,973</u>	<u>7.7%</u>
<u>Expenses</u>				
Operating Expenses (Excl. Dep.)	10,158,271	9,992,576	165,695	1.7%
Depreciation Expense	<u>6,324</u>	<u>5,337</u>	<u>987</u>	<u>18.5%</u>
Total Operating Expenses	<u>10,164,595</u>	<u>9,997,913</u>	<u>166,682</u>	<u>1.7%</u>
Deficiency of Operating Revenues Over Expenses	511,461	(87,830)	599,291	-682.3%
<u>Non-Operating Revenues</u>				
Interest on Investments	<u>40,044</u>	<u>90,997</u>	<u>(50,953)</u>	<u>-56.0%</u>
Deficiency of Revenues Over Expenses	551,505	3,167	548,338	17314.1%
Net Position - Beginning Balance	<u>6,377,982</u>	<u>6,374,815</u>	<u>3,167</u>	<u>0.0%</u>
Net Position - Ending Balance	<u>\$ 6,929,487</u>	<u>\$ 6,377,982</u>		



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Passaic County Public Housing Agency
Paterson, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Passaic County Public Housing Agency, which comprise the Statement of Net Position as of December 31, 2020 and the related Statement of Revenues, Expenses and Changes in Net Position and Cash Flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position the Passaic County Public Housing Agency, as of December 31, 2020, and the respective changes in net position and cash flows thereof for the year then ended, in accordance with the accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures don not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Passaic County Public Housing Agency. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial data schedule and the schedule of expenditures of federal awards for the year ended December 31, 2020 are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated June 4, 2021 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 the Agency's internal control over financial reporting and compliance.


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 4, 2021

PASSAIC COUNTY PUBLIC HOUSING AGENCY

Paterson, New Jersey

STATEMENT OF NET POSITION

At December 31, 2020

2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents - Unrestricted	\$ 3,464,865
Fraud Recovery Receivable	21,378
Investments - Unrestricted	3,083,630
Total Current Assets	<u>6,569,873</u>

NON-CURRENT ASSETS

Restricted Cash	962,910
Capital Assets, Net of Accumulated Depreciation of \$29,557	75,689
Total Non-Current Assets	<u>1,038,599</u>

TOTAL ASSETS

\$ 7,608,472

LIABILITIES

CURRENT LIABILITIES

Accounts Payable:	
Vendors and Contractors	\$ 15,188
HUD	7,209
Accrued Compensated Absences	5,845
Unearned Revenue	283,999
Total Current Liabilities	<u>312,241</u>

NON-CURRENT LIABILITIES

Accrued Compensated Absences	52,606
Family Self-Sufficiency Escrow Deposits	314,138
Total Non-Current Liabilities	<u>366,744</u>

TOTAL LIABILITIES

678,985

NET POSITION

Net Investment in Capital Assets	75,689
Restricted	363,110
Unrestricted	6,490,688
TOTAL NET POSITION	<u>\$ 6,929,487</u>

See Notes to Financial Statements.

PASSAIC COUNTY PUBLIC HOUSING AGENCY
 Paterson, New Jersey
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
 For the Year Ended December 31, 2020

	<u>2020</u>
<u>OPERATING REVENUES</u>	
HUD Operating Grants	\$ 10,518,777
Fraud Recoveries	35,100
Other	<u>122,179</u>
Total Operating Revenues	<u>10,676,056</u>
 <u>OPERATING EXPENSES</u>	
Administration	798,641
Tenant Services	157,609
Ordinary Maintenance and Operations	50,096
General Expense	6,995
Housing Assistance Payments	9,144,930
Depreciation	<u>6,324</u>
Total Operating Expenses	<u>10,164,595</u>
 Excess of Operating Revenues Over Expenses	 511,461
 <u>NON-OPERATING REVENUES</u>	
Interest on Investments	<u>40,044</u>
 Increase (Decrease) in Net Position	 551,505
 Beginning Net Position	 <u>6,377,982</u>
 <u>ENDING NET POSITION</u>	 <u>\$ 6,929,487</u>

See Notes to Financial Statements.

PASSAIC COUNTY PUBLIC HOUSING AGENCY

Paterson, New Jersey

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020

	<u>2020</u>
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>	
Operating Grants Received from HUD	\$ 10,809,985
Cash Received From Other Operating Revenues	158,284
Cash Payments for Housing Assistance	(9,144,930)
Cash Payments for Goods and Services	<u>(1,135,437)</u>
Net Cash Provided/(Used) by Operating Activities	<u>687,902</u>
 <u>CASH FLOWS FORM FINANCING ACTIVITIES</u>	
Acquisition of Property and Equipment	<u>(66,501)</u>
Net Cash Provided/(Used) by Financing Activities	<u>(66,501)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Receipts of Interest and Dividends	<u>54,842</u>
Net Cash Provided/(Used) By Investing Activities	<u>54,842</u>
Increase in Cash and Cash Equivalents	676,243
Cash and Cash Equivalents - Beginning of Year	<u>3,751,532</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,427,775</u>
 Reconciliation of Operating Income to Net Cash Provided/(Used) by Operating Activities	
Operating Income	\$ 511,461
Adjustments to Reconcile Operating Income to Net Cash Provided/(Used) by Operating Activities:	
Depreciation	6,324
Decrease/(Increase) in Assets:	
Accounts Receivable - Fraud Revocery	1,005
Increase (Decrease) in Liabilities:	
Accounts Payable	(24,662)
Due to HUD	7,209
Compensated Absences	104
Unearned Revenue	283,999
Family Self-Sufficiency Escrow Payable	<u>(97,538)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 687,902</u>

See Notes to Financial Statements.

PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 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 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.

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.

PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 unspent HAP 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 majorities 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 exists:

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 of Passaic and as such is included in their Comprehensive Annual Financial Report.

D. Description of Programs

The Agency maintains its accounting records by program. A description of the significant program operated by the Agency 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.

Family Self-Sufficiency Program

To promote the development of local strategies to coordinate the use of assistance under the Section 8 Housing Choice Vouchers program with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (Continued)

CARES Act Grant

During the fiscal year ended December 31, 2020 the Agency received funding from HUD under the CARES Act to help meet additional costs expected to be incurred due the COVID-19 pandemic.

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.

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.

PASSAIC COUNTY PUBLIC HOUSING AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2020, there were no impairment losses incurred.

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.

PASSAIC COUNTY PUBLIC HOUSING AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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."

P. Taxes

The Agency is a department within the 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, 2020, 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 \$4,427,773, and the bank balances approximated \$4,338,317.

	<u>Amount</u>
Unrestricted	\$3,464,865
Restricted	962,910
Total	\$4,427,775

Of the bank balances, \$250,000 was covered by federal depository insurance and the remaining \$4,177,773 was collateralized through the GUDPA as of December 31, 2020.

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, 2020, the Agency's bank balances were not exposed to custodial credit risk.

PASSAIC COUNTY PUBLIC HOUSING AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 3 - FRAUD RECOVERY RECEIVABLE

As of December 31, 2020, 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 \$21,378. Management has determined this amount to be fully collectible and has not established an allowance for doubtful accounts.

NOTE 4 – RESTRICTED DEPOSITS

As of December 31, 2020, restricted deposits consisted of the following:

<u>Description</u>	<u>Amount</u>
Housing Assistance Payments	\$ 363,110
Family Self Sufficiency Program Escrows	314,138
HCV CARES Act Unearned Revenue	283,999
Restricted for Payment of Current Liability	<u>1,663</u>
	<u>\$ 962,910</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, 2020:

	Balance at Dec. 31, 2019	Additions	Dispositions	Balance at Dec. 31, 2020
Furniture and Equipment	\$ 38,745	\$ 66,501	\$ -	\$ 105,246
Total	38,745	66,501	-	105,246
Accumulated Depreciation	(23,233)	(6,324)	-	(29,557)
Net Capital Assets	<u>\$ 15,512</u>	<u>\$ 60,177</u>	<u>\$ -</u>	<u>\$ 75,689</u>

Depreciation expense for the year ended December 31, 2020 amounted to \$6,324.

NOTE 6 – INVESTMENTS

The Authority's investments include two Certificates of Deposit with a maturity of one year from the date of purchase that is stated at fair value in the Statement of Net Position, with all gains and losses included in the Statement of Activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis. Realized gains or losses on the sale of investments are calculated using the specific-identification method. Unrealized gains and losses represent the change in fair value of the individual investments for the year, or since the date of acquisition, if acquired during the year. The Authority's investment balances at December 31, 2020 totaled \$3,083,630.

PASSAIC COUNTY PUBLIC HOUSING AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 7 - ACCOUNTS PAYABLE

As of December 31, 2020, accounts payable consisted of the following:

<u>Description</u>	<u>Amount</u>
Accounts Payable - Vendors	15,188
Accounts Payable - PHAs	-
	<u>\$ 15,188</u>

Accounts Payable – Vendors - Represents the amounts payable to contractors and vendors for materials received or services rendered.

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

NOTE 8 - NON-CURRENT LIABILITIES

Non-current liabilities activity during the year ended December 31, 2020 consisted of the following:

	Balance at Dec. 31, 2019	Deposits	Completions/ Foreitures	Balance at Dec. 31, 2020	Due in One Year
Compensated Absences	\$ 58,347	\$ 104	\$ -	\$ 58,451	\$ 5,845
FSS Escrows	<u>411,676</u>	<u>141,745</u>	<u>(239,283)</u>	<u>314,138</u>	<u>-</u>
	<u>\$ 470,023</u>	<u>\$ 141,849</u>	<u>\$ (239,283)</u>	<u>\$ 372,589</u>	<u>\$ 5,845</u>

NOTE 9 - 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 10 - RESTRICTED NET POSITION

As of December 31, 2020, restricted net position amounted to \$363,110 for housing assistance payments reserves, which are restricted for rent payments to landlords as part of the Section 8 Housing Choice Vouchers Program.

NOTE 11 - 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, 2020

NOTE 12 - ECONOMIC DEPENDENCY

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

NOTE 13 – 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, 2020, the Agency estimates that no material liabilities will result from such audits.

NOTE 14 - 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 2020 management located a site suitable for development is currently in negotiations to purchase and develop affordable senior citizen housing on the property.

NOTE 15 - 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 cost of the plan with claims being paid directly by the County. The Agency will reimburse the County for its allocated portion of the costs. The County will notify the Agency of any claims made which relate to Agency personnel.

NOTE 16 - 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. Subsequent events have been evaluated through June 4, 2021, which is the date the financial statements were available to be issued. One event was subsequently identified. The spread of a novel strain of coronavirus ("COVID-19") in the first quarter of 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on tenants, employees and vendors, all of which are uncertain and cannot be determined at this time.

Passaic County Public Housing Agency (NJ090)
Paterson, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted		\$3,464,865		\$3,464,865	\$3,464,865
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$677,248	\$283,999	\$961,247	\$961,247
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities		\$1,663		\$1,663	\$1,663
100 Total Cash	\$0	\$4,143,776	\$283,999	\$4,427,775	\$4,427,775
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, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		\$21,378		\$21,378	\$21,378
128.1 Allowance for Doubtful Accounts - Fraud		\$0		\$0	\$0
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$21,378	\$0	\$21,378	\$21,378
131 Investments - Unrestricted		\$3,083,630		\$3,083,630	\$3,083,630
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 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$0	\$7,248,784	\$283,999	\$7,532,783	\$7,532,783
161 Land					
162 Buildings					
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration		\$105,246		\$105,246	\$105,246
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$29,557		-\$29,557	-\$29,557
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$75,689	\$0	\$75,689	\$75,689
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$75,689	\$0	\$75,689	\$75,689
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$0	\$7,324,473	\$283,999	\$7,608,472	\$7,608,472
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$15,188		\$15,188	\$15,188
313 Accounts Payable >90 Days Past Due					

Passaic County Public Housing Agency (NJ090)
Paterson, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion		\$5,845		\$5,845	\$5,845
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs		\$7,209		\$7,209	\$7,209
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits					
342 Unearned Revenue			\$283,999	\$283,999	\$283,999
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$0	\$28,242	\$283,999	\$312,241	\$312,241
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other		\$314,138		\$314,138	\$314,138
354 Accrued Compensated Absences - Non Current		\$52,606		\$52,606	\$52,606
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$366,744	\$0	\$366,744	\$366,744
300 Total Liabilities	\$0	\$394,986	\$283,999	\$678,985	\$678,985
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets		\$75,689		\$75,689	\$75,689
511.4 Restricted Net Position		\$363,110		\$363,110	\$363,110
512.4 Unrestricted Net Position	\$0	\$6,490,688	\$0	\$6,490,688	\$6,490,688
513 Total Equity - Net Assets / Position	\$0	\$6,929,487	\$0	\$6,929,487	\$6,929,487
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$7,324,473	\$283,999	\$7,608,472	\$7,608,472

Passaic County Public Housing Agency (NJ090)
Paterson, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue					
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$123,466	\$10,284,228	\$111,083	\$10,518,777	\$10,518,777
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted		\$40,044		\$40,044	\$40,044
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$35,100		\$35,100	\$35,100
71500 Other Revenue		\$122,179		\$122,179	\$122,179
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$123,466	\$10,461,551	\$111,083	\$10,716,100	\$10,716,100
91100 Administrative Salaries		\$386,711		\$386,711	\$386,711
91200 Auditing Fees		\$10,500		\$10,500	\$10,500
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative		\$266,863		\$266,863	\$266,863
91600 Office Expenses		\$129,224	\$5,343	\$134,567	\$134,567
91700 Legal Expense					
91800 Travel					
91810 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$0	\$793,298	\$5,343	\$798,641	\$798,641
92000 Asset Management Fee					
92100 Tenant Services - Salaries	\$69,079		\$5,585	\$74,664	\$74,664
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$54,387		\$558	\$54,945	\$54,945
92400 Tenant Services - Other			\$28,000	\$28,000	\$28,000
92500 Total Tenant Services	\$123,466	\$0	\$34,143	\$157,609	\$157,609
93100 Water					
93200 Electricity					
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0

Passaic County Public Housing Agency (NJ090)
Paterson, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and Other			\$5,096	\$5,096	\$5,096
94300 Ordinary Maintenance and Operations Contracts		\$45,000		\$45,000	\$45,000
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$0	\$45,000	\$5,096	\$50,096	\$50,096
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance					
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance					
96100 Total Insurance Premiums	\$0	\$0	\$0	\$0	\$0
96200 Other General Expenses		\$6,893		\$6,893	\$6,893
96210 Compensated Absences		\$102		\$102	\$102
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$6,995	\$0	\$6,995	\$6,995
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$123,466	\$845,293	\$44,582	\$1,013,341	\$1,013,341
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$9,636,258	\$66,501	\$9,702,759	\$9,702,759
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$9,076,917		\$9,076,917	\$9,076,917
97350 HAP Portability-In		\$68,013		\$68,013	\$68,013
97400 Depreciation Expense		\$6,324		\$6,324	\$6,324
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$123,466	\$9,996,547	\$44,582	\$10,164,595	\$10,164,595
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					

Passaic County Public Housing Agency (NJ090)
Paterson, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$485,004	\$66,501	\$551,505	\$551,505
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$0	\$6,377,982	\$0	\$6,377,982	\$6,377,982
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$66,501	-\$66,501	\$0	\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$6,566,377		\$6,566,377	\$6,566,377
11180 Housing Assistance Payments Equity		\$363,110		\$363,110	\$363,110
11190 Unit Months Available	0	10020	0	10020	10020
11210 Number of Unit Months Leased	0	9916	0	9916	9916
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

PASSAIC COUNTY PUBLIC HOUSING AGENCY
 Paterson, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

<u>HOUSING ASSISTANCE PAYMENTS PROGRAM</u>	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Housing Choice Voucher Program (CFDA # 14.871)	\$ -	\$ 10,284,228	\$ 10,284,228	\$ -
Housing Choice Voucher Cares Act Funding (CFDA# 14.HCC)	-	111,083	111,083	-
PIH Family Self-Sufficiency Program (CFDA# 14.896)	-	123,466	123,466	-
Total Federal Financial Assistance	<u>\$ -</u>	<u>\$ 10,518,777</u>	<u>\$ 10,518,777</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.



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

Board of Commissioners
Passaic County Public Housing Agency
Paterson, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the financial statements of the Passaic County Public Housing Agency as of and for the year ended December 31, 2020 and have issued our report thereon dated June 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Passaic County Public Housing Agency's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. 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 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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, as defined above. However, material weakness may exist that have not been identified.

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

(Continued)

Compliance and Other Matters

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

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.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 4, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Passaic County Public Housing Agency
Paterson, New Jersey

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 the entity's major federal programs for the year ended December 31, 2020. The Passaic County Public Housing Agency's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's 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 audits 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). 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 the Passaic County Public Housing Agency's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Opinion on Each Major Federal Program

In our opinion, the 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, 2020.

Report on Internal Control Over Compliance

Management of the 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 the 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 the Agency's internal control over compliance.

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



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 4, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness Identified? yes X no

Significant Deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance Material to Financial Statements Noted? yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness Identified? yes X no

Significant Deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Type of audit report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) yes X no

Identification of Major Programs

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
14.872	Housing Choice Voucher

Dollar Threshold used to distinguish between type A and type B Programs \$750,000

Auditee qualified as low-risk? X yes no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.