

**Report On Audit**

**HOUSING AUTHORITY OF  
WEST NEW YORK**

**For the Year Ended  
September 30, 2014**

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

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of West New York (a governmental public corporation) in West New York, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of September 30, 2014, and the related statement of revenue, expenses and changes in net position, statement of cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority of West New York's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of West New York's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of West New York as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year's then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 16 and pages 48-49 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued reports dated May 1, 2015 on our consideration of the Housing Authority of West New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey

Date: May 1, 2015

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

**FINANCIAL HIGHLIGHTS**

Net position of the Authority's enterprise fund was \$32,497,177 greater than the liabilities, a decrease in the financial position of \$251,882 or 1% percent.

As noted above, the net position of the Authority exceeded its liabilities by \$32,497,177 as of September 30, 2014. Of this amount, the unrestricted net position is \$7,481,649 representing a decrease of \$221,248 or 3% percent from the previous year. The restricted net position decreased \$155,850 or 74% percent from the prior year for and ending balance of \$55,910. The net investment in capital assets increased \$125,216 or 1% percent for an ending balance of \$24,959,618. Additional information on the Authority's restricted and unrestricted net position can be found in Notes 17 and 18 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at September 30, 2014 is \$4,253,300 representing a decrease of \$907,322 or 18% percent from the prior fiscal year. Total restricted cash decreased \$150,809 or 37% percent for an ending balance of \$262,244. The full detail of this amount can be found in the Statement of Cash Flow on pages 20-21 of this report.

The Authority's total assets are \$38,640,214 of which capital assets net book value is \$29,239,618 leaving total current assets at \$9,400,596. Total current assets increased from the previous year by \$42,103 or less than 1% percent. Unrestricted cash and cash equivalents decreased by \$907,322, restricted cash and cash equivalents decreased \$150,809, accounts receivables increased by \$1,103,035, and prepaid expenses decreased by \$2,801. Accounts receivables increase was mainly due to operating subsidy for fiscal year ended September 30, 2014 not being drawn down until October 2014.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$159,784 or 1% percent. The major factors that contributed for the decrease was the purchase of fixed assets in the amount of \$491,761, less the recording of depreciation expense in the amount of \$651,545. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 8 Fixed Assets.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**FINANCIAL HIGHLIGHTS - CONTINUED**

The Authority's total liabilities are reported at \$6,143,037, of which noncurrent liabilities are stated at \$5,307,074. Total liabilities increased during the year as compared to the prior year in the amount of \$134,201 or 2% percent. Total current liabilities increased during the year by \$56,100, leaving non-current liabilities for an increase of \$78,101 as compared to the previous fiscal year.

Total current liabilities increased from the previous year by \$56,100 or 7% percent. Accounts payables increased by \$49,562, accrued liabilities decreased by \$12,509, tenant security deposit payable increased by \$5,041, unearned revenue increased \$4,006 and bonds payable current portion increased by \$10,000.

Total noncurrent liabilities increased by \$78,101 or 1% percent. Bonds payable - noncurrent decreased in the amount of \$295,000, long-term obligations for compensated absences increased in the amount of \$7,099 for an ending balance of \$322,265, and accrued post-employment benefits (OPEB) liabilities increased \$366,002 or 58% percent. Additional information on the Authority's accrued OPEB liability at September 30, 2014 can be found in Note 16 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$9,812,944 as compared to \$10,057,778 from the prior year for a decrease of \$244,834 or 2% percent. The Authority had total operating expenses of \$10,768,415 as compared to \$10,236,208 from the previous year for an increase of \$532,207 or 5% percent, resulting in a deficiency of revenue from operations in the amount of \$955,471 for the current year as compared to a deficiency of revenue from operations in the amount of \$178,430 for an increase in deficit of \$777,041 from the previous year. This was after consideration of depreciation expense and the OPEB liability increase.

Total capital improvements contributions from HUD were in the amount of \$695,927 as compared to \$716,542 from the previous year for a decrease of \$20,615 or 3% percent. The Authority's had capital outlays in the amount of \$491,761 as well as payments for capital bond principal which amounted to \$285,000 for the fiscal year. These expenditures were funded by grants received during the year from the U.S. Department of Housing and Urban Development and the excess of those amounts were funded from management's reserves. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note - 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$6,460,764 for the fiscal year 2014 as compared to \$6,765,739 for the previous fiscal year 2013 for a decrease of \$304,975 or 5% percent.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**USING THIS ANNUAL REPORT**

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

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

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

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 17 through 21.

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

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.



**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 22 through 46.

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

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on page 47 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A- 133 establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of West New York are those which equal or exceeded \$300,000 in expenditures for the fiscal year ended September 30, 2014. Type B programs for the Housing Authority of West New York are those which are less than \$300,000 in expenditures for the fiscal year ended September 30, 2014.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

The budget comparison of actual results to the Authority's adopted budget for the Low Rent Public Housing Program can be found on page 48 the Section Eight Housing Choice Voucher Program on page 49.

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

The following summarizes the computation of Net Position between September 30, 2014 and September 30, 2013:

	<u>Year Ended</u>		Increase
	September-14	September-13	(Decrease)
Cash	\$ 4,515,544	\$ 5,573,675	\$ (1,058,131)
Other Current Assets	4,885,052	3,784,818	1,100,234
Capital Assets - Net	<u>29,239,618</u>	<u>29,399,402</u>	(159,784)
Total Assets	38,640,214	38,757,895	(117,681)
Less: Current Liabilities	(835,963)	(779,863)	(56,100)
Less: Non Current Liabilities	<u>(5,307,074)</u>	<u>(5,228,973)</u>	(78,101)
Net Position	<u>\$ 32,497,177</u>	<u>\$ 32,749,059</u>	\$ (251,882)
Net Investment in Capital Assets	\$ 24,959,618	\$ 24,834,402	\$ 125,216
Restricted Net Position	55,910	211,760	(155,850)
Unrestricted Net Position	<u>7,481,649</u>	<u>7,702,897</u>	(221,248)
Net Position	<u>\$ 32,497,177</u>	<u>\$ 32,749,059</u>	\$ (251,882)

Cash decreased by \$1,058,131 or 19% percent. Net cash used by operating activities was \$1,358,060, net cash provided by capital and related financing activities was \$292,267, and net cash provided by investing activities was \$7,662. The full detail of this amount can be found in the Statement of Cash Flow on pages 20-21 of this audit report.

Other current assets increased \$1,100,234. Account receivable increased \$1,103,035 mainly due to an increase in operating subsidy receivable, and prepaid expenses decreased \$2,801 or 4% percent.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$159,784 or 1% percent. The major factors that contributed for the decrease was the purchase of fixed assets in the amount of \$491,761, less the recording of depreciation expense in the amount of \$651,545. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 8 Fixed Assets.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

Total current liabilities increased from the previous year by \$56,100 or 7% percent. Accounts payables increased by \$49,562, accrued liabilities decreased by \$12,509, tenant security deposit payable increased by \$5,041, unearned revenue increased \$4,006 and bonds payable current portion increased by \$10,000.

Total noncurrent liabilities increased by \$78,101 or 1% percent. Bonds payable – noncurrent decreased in the amount of \$295,000, long-term obligations for compensated absences increased in the amount of \$7,099 for an ending balance of \$322,265, and accrued post-employment benefits (OPEB) liabilities increased \$366,002 or 58% percent. Additional information on the Authority's accrued OPEB liability at September 30, 2014 can be found in Note 16 to the financial statements, which is included in this report.

The Authority's reported net position of \$32,497,177 is made up of three categories. The net investment in capital assets in the amount of \$24,959,618 represents 77% percent of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance September 30, 2013	\$ 24,834,402
Acquisition in Fixed Assets	491,761
Depreciation Expense	(651,545)
Debt Payment	285,000
Balance September 30, 2014	\$ 24,959,618

The Authority reported a restricted net position of \$55,910, a decrease of \$155,850 from the prior year. This balance represents available resources that may be used only for specific purposes stipulated by the grantor. The account balance consists of the amount of cash that is restricted for the Housing Choice Voucher program, and the capital fund leveraging program. Additional information on these funds can be found in Note 4 Restricted Cash and Note 17 Restricted Net Position.

The Housing Authority of West New York operating results for September 30, 2014 reported a decrease in unrestricted position of \$221,248 or 3% percent for an ending balance of \$7,481,649. A full detail of these accounts can be found in the Notes to the Financial Statements section Note – 18 Unrestricted Net Position.

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

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

The following summarizes the changes in Net Position between September 30, 2014 and September 30, 2013:

	<u>Year Ended</u>		Increase
	September-14	September-13	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 2,888,637	\$ 2,817,832	\$ 70,805
HUD Subsidies	5,764,837	6,049,197	(284,360)
Other Revenues	1,159,470	1,190,749	(31,279)
Total Operating Income	<u>9,812,944</u>	<u>10,057,778</u>	<u>(244,834)</u>
<u>Expenses</u>			
Operating Expenses	10,116,870	9,608,894	507,976
Depreciation Expense	651,545	627,314	24,231
Total Operating Expenses	<u>10,768,415</u>	<u>10,236,208</u>	<u>532,207</u>
Operating (Loss)			
Before Capital Grants	(955,471)	(178,430)	(777,041)
Interest Income	7,662	13,916	(6,254)
HUD Capital Grants	695,927	716,542	(20,615)
Increase in Net Position	<u>(251,882)</u>	<u>552,028</u>	<u>(803,910)</u>
Net Position Prior Year	32,749,059	32,294,709	454,350
Prior Period Adjustment	-	(97,678)	97,678
Total Net Position	<u>\$ 32,497,177</u>	<u>\$ 32,749,059</u>	<u>\$ (251,882)</u>

Approximately 59% percent of the Authority's total operating revenue was provided by HUD operating subsidy, while 29% percent resulted from tenant revenue. Charges for various services provided the remaining 12% percent of the total operating income.

Total capital improvements contributions from HUD were in the amount of \$695,927 as compared to \$716,542 from the previous year for a decrease of \$20,615 or 3% percent. The Authority's had capital outlays in the amount of \$491,761 as well as payments for capital bond principal which amounted to \$285,000 for the fiscal year. Excess amounts were funded from management's reserves. The current year additions included electrical repairs and upgrades, boiler repairs and upgrades, hot water heater repairs, ranges and refrigerators, and plumbing repairs and upgrades.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

The Authority's operating expenses cover a range of expenses. The largest expense was for housing assistance payment expenses representing 33% percent of total operating expenses. Administrative expenses accounted for 13% percent, tenant services accounted for less than 1% percent, utilities expense accounted for 19% percent, maintenance expense accounted for 14% percent, protective services accounted for 3% percent, other operating expenses accounted for 10% percent, interest expense accounted for 2%, and depreciation accounted for the remaining 6% percent of the total operating expenses.

The Authority operating expenses exceeded its operating revenue resulting in a deficiency of revenue from operations in the amount of \$955,471 from operations as compared to excess expenses from operations of \$178,430 for the previous year. The key elements for the increase in deficit in comparison to the prior year are as follow:

- The Authority experienced a decrease in Housing and Urban Development funded Operating Grants in the amount of \$284,360 or 5% percent
- Tenant Rental Revenue increased \$70,805 due to increased rent collection and rent rates
- The Authority experienced increases expenses as listed below:
  - Other operating expenses increased \$471,060 or 81% percent
  - Utilities increased \$127,245 or 7% percent
  - Maintenance increased \$250,282 or 20% percent
- The Authority experienced decreases in the following expenses:
  - Administrative decreased \$198,093 or 12% percent
  - Housing Assistance Payments decreased \$167,372 or 5% percent.
- The Authority budgeted for an operating loss in the amount of \$398,826, with the actual results of an operating loss of \$221,248, a difference of \$177,578.

Total net cash used by operating activities during the year was \$1,358,060 as compared to cash provided in the amount of \$306,183 in the prior fiscal year. A full detail of these amounts can be found on the Statement of Cash Flow on pages 20-21 of this report.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

The following are financial highlights of significant items for a four year period of time ending on September 30, 2014:

	September-14	September-13	September-12	September-11
<b>Significant Income</b>				
Total Tenant Revenue	\$ 2,888,637	\$ 2,817,832	\$ 2,797,353	\$ 2,818,706
HUD Operating Grants	5,764,837	6,049,197	5,875,004	6,985,444
HUD Capital Grants	695,927	716,542	266,009	1,302,263
Investment Income	7,662	13,916	15,531	8,069
Other Income - HAP Port In's	757,370	858,106	972,244	1,067,325
Other Income	402,100	332,643	403,207	319,532
<b>Total</b>	<b>\$ 10,516,533</b>	<b>\$ 10,788,236</b>	<b>\$ 10,329,348</b>	<b>\$ 12,501,339</b>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 636,370	\$ 773,678	\$ 726,143	\$ 855,027
Tenant Services Salaries	16,448	16,012	28,183	19,654
Utilities Labor	123,674	121,579	108,075	110,148
Maintenance Labor	448,144	359,791	321,623	313,190
Protective Services - Labor	150,963	145,991	204,458	73,376
Employee Benefits Expense	1,488,619	1,306,693	915,015	869,550
<b>Total Payroll Expense</b>	<b>\$ 2,864,218</b>	<b>\$ 2,723,744</b>	<b>\$ 2,303,497</b>	<b>\$ 2,240,945</b>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 360,858	\$ 317,079	\$ 376,118	\$ 331,578
Utilities Expense	1,834,896	1,722,229	1,635,350	1,733,218
Maintenance Materials Cost	171,702	115,833	150,592	228,541
Maintenance Contract Cost	450,283	461,705	488,413	582,162
Insurance Premiums	222,678	219,866	224,541	219,864
Housing Assistance Payments	2,813,690	2,889,863	2,974,776	3,132,553
HAP - Port In's	713,445	804,644	972,244	991,031
<b>Total</b>	<b>\$ 6,567,552</b>	<b>\$ 6,531,219</b>	<b>\$ 6,822,034</b>	<b>\$ 7,218,947</b>
<b>Total Operating Expenses</b>	<b>\$ 10,768,415</b>	<b>\$ 10,236,208</b>	<b>\$ 10,286,577</b>	<b>\$ 10,745,213</b>
<b>Total of Federal Awards</b>	<b>\$ 6,460,764</b>	<b>\$ 6,765,739</b>	<b>\$ 6,141,013</b>	<b>\$ 8,287,707</b>

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**THE AUTHORITY AS A WHOLE**

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

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

**HOUSING AUTHORITY OF WEST NEW YORK PROGRAMS**

Public Housing Program:

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

Capital Fund Program:

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

Housing Choice Voucher Program

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

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**BUDGETARY HIGHLIGHTS**

For the year ended September 30, 2014, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

The budget for the Low Rent Public Housing was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The full detail can be found in the Budget comparison to actual results for the Low Rent Public Housing Program on page 48 of this report.

The budget for the Housing Choice Voucher Program was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The Housing Choice Voucher program Housing Assistance Payments (HAP) funds were approved by the U.S. Department of Housing and Urban Development (HUD) on a basis consistent with the grant application covering HAP programs. The full detail can be found in the Budget comparison to actual results for the Housing Choice Voucher Program on page 49 of this report.

**NEW INITIATIVES**

For the fiscal year 2014 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 61% percent of its revenue from the Department of Housing and Urban Development, (2013 fiscal year was 63% percent), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

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

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



**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

1 – Capital Assets

The Authority's investment in capital assets as of September 30, 2014 was \$29,239,618 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$159,784 or 1% percent. Major capital expenditures of \$491,761 were made during the year. Major capital assets events during the fiscal year included the following:

- Plumbing Repairs and Replacements
- Ranges and Refrigerators
- Hot water Heater and Water Pump Repairs
- Electrical Repairs and Upgrades
- Boiler Repairs and Replacements

	September-14	September-13	Increase (Decrease)
Land	\$ 869,657	\$ 869,657	\$ -
Building	27,484,427	26,805,250	679,177
Furniture, Equipment - Dwelling	1,245,141	1,144,819	100,322
Furniture, Equipment - Administration	442,214	440,820	1,394
Construction in Process	11,905,105	12,194,237	(289,132)
Total Capital Assets	41,946,544	41,454,783	491,761
Less: Accumulated Depreciation	(12,706,926)	(12,055,381)	(651,545)
Net Book Value	<u>\$ 29,239,618</u>	<u>\$ 29,399,402</u>	<u>\$ (159,784)</u>

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

2 – Debt Administration

The Authority has participated in the New Jersey pooled leveraging program. Through this financing of majority capital projects will be completed on an expedited basis. Restricted Cash relating to the bonded debt stood at \$6,311 at the end of the fiscal year, with Capital Project Bond payable of \$4,280,000 in outstanding debt. A full disclosure of loans payable at September 30, 2014 can be found in Note 15 to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

The Housing Authority of West New York is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The Department of Housing and Urban Development (HUD) has historically been underfunded to meet the subsidy needs of public housing authorities. We do not expect this consistent trend to change.

The capital budgets for the 2015 fiscal year have already been submitted to HUD for approval and no major changes are expected. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2015.

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

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Robert A. DiVincent, Executive Director, Housing Authority of West New York, 6100 Adams Street, West New York, New Jersey 07093, phone number (201) 868-6100.

**HOUSING AUTHORITY OF WEST NEW YORK**  
**STATEMENT OF NET POSITION - 1**  
**AS OF SEPTEMBER 30, 2014**

	<u>SEPTEMBER 30,</u> <u>2014</u>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents - Unrestricted	\$ 4,253,300
Cash and Cash Equivalents - Restricted	262,244
Accounts Receivables, Net of Allowances	4,819,431
Prepaid Expenses	65,621
Total Current Assets	<u>9,400,596</u>
<b>Noncurrent Assets</b>	
Capital Assets	
Land	869,657
Building	27,484,427
Furniture, Equipment - Dwelling	1,245,141
Furniture, Equipment - Administration	442,214
Construction in Process	11,905,105
Total Capital Assets	<u>41,946,544</u>
Less: Accumulated Depreciation	<u>(12,706,926)</u>
Net Book Value	<u>29,239,618</u>
Total Assets	<u>38,640,214</u>
<b>Deferred Outflow of Resources</b>	
Total Deferred Outflows of Resources	<u>-</u>
Total Assets and Deferred Outflow of Resources	<u><u>\$ 38,640,214</u></u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK**  
**STATEMENT OF NET POSITION - 2**  
**AS OF SEPTEMBER 30, 2014**

	SEPTEMBER 30, 2014
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	\$ 178,805
Accrued Liabilities	146,341
Tenant Security Deposit Payable	206,334
Unearned Revenue	9,483
Bonds, Notes and Loans Payable - Current Portion	295,000
Total Current Liabilities	835,963
<b>Noncurrent Liabilities</b>	
Bonds, Notes and Loans Payable - Non Current	3,985,000
Accrued Compensated Absences - Long-Term	322,265
Accrued Other Post-Employment Benefits (OPEB)	999,809
Total Noncurrent Liabilities	5,307,074
Total Liabilities	6,143,037
<b>Deferred Inflow of Resources</b>	
Total Deferred Inflow of Resources	-
<b>Net Position:</b>	
Net Investment in Capital Assets	24,959,618
Restricted	55,910
Unrestricted	7,481,649
Total Net Position	32,497,177
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 38,640,214

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK  
STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014**

	SEPTEMBER 30, 2014
<b>Revenue:</b>	
Tenant Rental Revenue	\$ 2,888,637
HUD PHA Operating Grants	5,764,837
Fraud Recovery	15,124
Other Revenue	1,144,346
Total Revenue	9,812,944
 <b>Operating Expenses:</b>	
Administrative Expense	1,441,056
Tenant Services	32,801
Utilities Expense	2,072,132
Maintenance Expense	1,481,632
Protective Services	289,584
Other Operating Expenses	1,051,343
Housing Assistance Payments	3,527,135
Depreciation Expense	651,545
Amortization Cost	-
Interest Expense	221,187
Total Operating Expenses	10,768,415
 Excess Expenses Over Revenue From Operations	(955,471)
 <b>Non Operating Income:</b>	
Investment Income	7,662
Total Non Operating Income	7,662
 Capital Grants	695,927
 <b>Change in Net Position</b>	(251,882)
 Beginning Net Position	32,749,059
 Ending Net Position	\$ 32,497,177

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK**  
**STATEMENT OF CASH FLOW - 1**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014**

	SEPTEMBER 30, 2014
<b>Cash Flow From Operating Activities</b>	
Receipts from Tenants	\$ 2,876,890
Receipts from Federal Grants	4,603,745
Receipts from Misc. Sources	1,159,470
Payments to Vendors and Suppliers	(3,744,933)
Payments for Housing Assistance Payments	(3,527,135)
Payments to Employees	(1,375,599)
Payment of Employee Benefits	(1,350,498)
Net Cash (Used) by Operating Activities	<u>(1,358,060)</u>
<b>Cash Flow From Capital and Related Financing Activities</b>	
Receipts from Capital Grants	695,927
Acquisitions and Construction of Capital Assets	(491,761)
(Payment) of Debt	(285,000)
Increase of Compensated Absences	7,099
Decrease (Increase) in Investment in Joint Ventures	-
Change in Bond Amortization Cost	-
Increase in OPEB Liabilities	366,002
Prior Period Adjustments - Net of Consolidation	-
Net Cash Provided by Capital and Related Financing Activities	<u>292,267</u>
<b>Cash Flow From Investing Activities</b>	
Interest and dividends	7,662
Net Cash Provided by Investing Activities	<u>7,662</u>
Net (Decrease) in Cash and Cash Equivalents	(1,058,131)
<b>Beginning Cash</b>	<u>5,573,675</u>
<b>Ending Cash</b>	<u>\$ 4,515,544</u>
<u>Reconciliation of Cash Balances:</u>	
Cash and Cash Equivalents - Unrestricted	\$ 4,253,300
Tenant Security Deposit	206,334
HAP Reserve	49,599
Capital Leveraging Accounts	6,311
Total Ending Cash	<u>\$ 4,515,544</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK**  
**STATEMENT OF CASH FLOW - 2**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014**

	SEPTEMBER 30, 2014
(Used) by Operating Activities	
Excess of Expenses Over Revenue	\$ (955,471)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:	
Depreciation Expense - net of adjustments	651,545
Amortization Cost	-
(Increase) Decrease in:	
Accounts Receivables	(1,103,035)
Prepaid Expenses	2,801
Increase (Decrease) in:	
Accounts Payable	49,562
Accrued Liabilities	(12,509)
Unearned Revenue	4,006
Tenant Security Deposit Payable	5,041
Net Cash (Used) by Operating Activities	\$ (1,358,060)

See accompanying notes to the financial statements.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements September 30, 2014

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

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

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

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

Based on the following criteria, the Authority has identified one entity which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in Section 2100 of GASB's Codification of governmental Accounting and Financial Reporting Standards, include whether:

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



# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

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

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

### **Basis of Accounting –**

The financial statements of the Authority are prepared under the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues and expenses are recognized on the accrual basis, with revenues recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenue and expenses consist of those revenue and expenses that result from ongoing principal operations of the Authority. All assets, liabilities, net positions, revenue, and expenses are accounting for through a single enterprise fund for the primary government.

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

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

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

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

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

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

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

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

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

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

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

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

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

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

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

### Blended Component Units

The Authority has identified the West New York Housing Corporation as a component unit. The Authority has 100% ownership in the Housing Corporation. West New York Housing Corporation is reported as if it were part of the Authority because of the 100% ownership in the Corporation. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The financial data included in this report is based on the information for the Housing Corporation at the end of its fiscal year, which was December 31, 2013.

### **Report Presentation -**

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

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

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

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements September 30, 2014

### **Report Presentation - Continued**

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

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

#### Net Investment in Capital Assets.

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

#### Restricted Net Position

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

#### Unrestricted Net Position

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

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

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

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

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

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.

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

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

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

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

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

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

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

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

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

11- Advertising cost is charged to expense when incurred.

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

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

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

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

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

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

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

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

The Authority submits its annual operating and capital budgets to U.S. Department of Housing and Urban Development. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source. Budgetary Comparison under GASB No. 34, budgetary comparison information is required to be presented for the Low Rent Housing Program and the Housing Choice Voucher Program which the Board of Commissions has legally adopted the budget during the year. The budgetary comparison schedules have been provided for these programs to demonstrate compliance with the budgets. The comparison of actual results to the Authority's for the Low Income Public Housing Program found on page 48 the Section Eight Housing Choice Voucher Program on page 49.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

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

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

### **Component Units**

The Authority has identified the West New York Housing Corporation as a component unit. The Authority has 100% ownership in the Housing Corporation. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The financial data included in this report is based on the information for the Housing Corporation at the end of its fiscal year, which was December 31, 2013. The Housing Corporation was created to expand housing opportunities for low and moderate income persons by increasing the supply of decent affordable housing in the Town of West New York.

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

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

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

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

#### **C. Housing Choice Vouchers Program**

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

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements September 30, 2014

### **Activities - Continued**

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

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

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

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

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

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



# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

### **NOTE 2 - ESTIMATES**

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

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

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

On the web:

<http://www.state.nj.us/treasury/pensions/pdf/financial/2014divisioncombined.pdf>

### Post Employment Retirement Benefits

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

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements September 30, 2014

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

##### Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 6.64% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2014 and 2013 amounted to \$154,671 and \$153,895.

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

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

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

##### Collateral for Deposits

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

**HOUSING AUTHORITY OF WEST NEW YORK**

Notes to Financial Statements  
September 30, 2014

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

The Authority has total unrestricted cash, cash equivalents at September 30, 2014 in the amount of 4,253,300 and restricted cash in the amount of \$262,244 which consists of the following:

	<u>September-14</u>
Bank of New York	\$ 6,311
TD Bank North America	1,857,471
Capital One Bank	2,643,054
Petty Cash	8,708
Total Cash and Cash Equivalents	<u>\$ 4,515,544</u>

Below is the detail of the restricted cash amounts for September 30, 2014 in the amount of \$262,244:

	<u>September-14</u>
Capital Leveraging Projects	\$ 6,311
HCV HAP Reserve	49,599
Tenant Security Deposits	206,334
Total Restricted Cash	<u>\$ 262,244</u>

The amount of \$6,311 for 2014 is held in trust at the Bank of New York with investments consisting of Morgan Stanley Prime Installment Investments. These funds at Bank of New York are controlled by the New Jersey Housing Mortgage Finance Agency (NJHMFA) for the capital leveraging project which the Authority is under taking.

The Authority has restricted cash in the amount of \$49,599 as of September 30, 2014 which is for the Section 8 Housing Choice Voucher Program HAP Reserve.

The tenant security deposit restricted cash at September 30, 2014 was in the amount of \$206,334. These amounts are held as security deposits for the tenants of the Low Income Housing in interest bearing accounts at Capital One Bank.

**HOUSING AUTHORITY OF WEST NEW YORK**

Notes to Financial Statements

September 30, 2014

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

**Risk Disclosures**

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At September 30, 2014, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

Credit Risk

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

<u>Depository Accounts</u>	
	<u>September-14</u>
Insured	\$ 506,311
Collateralized held by pledging bank's trust department in the Authority's name	4,009,233
Total Cash and Cash Equivalents	<u>\$ 4,515,544</u>

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

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

Accounts Receivable at September 30, 2014 consisted of the following:

	<u>September-14</u>
Tenants Accounts Receivable - Present	\$ 22,797
Tenants Accounts Receivable - Vacated	13,968
Total Tenants Accounts Receivable	<u>36,765</u>
Less: Allowance for Doubtful Accounts	(13,956)
Net Tenants Accounts Receivable	<u>22,809</u>
Accounts Receivable - Other Housing Authorities	10,628
Accounts Receivable - HUD	1,336,551
Management Fees Receivable	47,136
Housing Corp. - Developer Fee Receivables (Component Unit)	<u>3,402,307</u>
Total Other Receivables	<u>4,796,622</u>
Total Accounts Receivables	<u>\$ 4,819,431</u>

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

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

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are amortized on a monthly basis. Prepaid expenses at September 30, 2014 consisted of prepaid insurance in the amount of \$65,621.

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

Interfund activity is reported as short term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority at September 30, 2014 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position. The component unit investment in joint ventures and the equity balance was eliminated for both years in the Statement of Net Position.

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements September 30, 2014

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

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

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

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

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

The carrying value of long-live assets in accordance with GASBS #42, when indications of an impairment are present, the recoverability of the carrying value of the asset in question are assessed based on the future undiscounted cash flow expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value. The Authority has not recognized any impairment in the carry value of its fixed assets at September 30, 2014.

Below is a schedule of changes in fixed assets for the twelve months ended September 30, 2014:

	Balance September-13	Additions	Transfers	Balance September-14
Land	\$ 869,657	\$ -	\$ -	\$ 869,657
Buildings	26,805,250	-	679,177	27,484,427
Furniture & Equipment - Dwelling	1,144,819	80,834	19,488	1,245,141
Furniture & Equipment - Administration	440,820	-	1,394	442,214
Construction in Progress	12,194,237	410,927	(700,059)	11,905,105
Total Fixed Assets	41,454,783	491,761	-	41,946,544
Accumulated Depreciation	(12,055,381)	(651,545)	-	(12,706,926)
Net Book Value	\$ 29,399,402	\$ (159,784)	\$ -	\$ 29,239,618

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements September 30, 2014

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

Below is a schedule of the net book value of the fixed assets for the Authority as of September 30, 2014:

<u>Net Book Value of the Fixed Assets</u>	<u>September-14</u>
Land	\$ 869,657
Buildings	16,192,732
Furniture & Equipment - Dwelling	208,787
Furniture & Equipment - Administration	63,337
Construction in Progress	11,905,105
Net Book Value	<u>\$ 29,239,618</u>

#### **NOTE 9 – ACCOUNTS PAYABLE**

The Authority reported accounts payable on its Statement of Net Position as of September 30, 2014. Accounts payable vendors are amount owed to creditors as a result of delivered goods and completed services. Accounts payable at September 30, 2014 consist of the following:

	<u>September-14</u>
Accounts Payable Vendors	\$ 97,154
Accounts Payable P.I.L.O.T.	81,651
Total Accounts Payable	<u>\$ 178,805</u>

#### **NOTE 10 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town of West New York. Under the Cooperation Agreements, the Authority must pay the municipality the littlest of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended September 30, 2014 PILOT expense of \$81,651 was accrued. The total amount of PILOT payable at September 30, 2014 is as follows:

	<u>September-14</u>
Balance Beginning of Year	\$ 87,295
P.I.L.O.T. Accrued	81,651
Less: Payments Made	(87,295)
Total P.I.L.O.T. Payable	<u>\$ 81,651</u>

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2014

#### **NOTE 11 – ACCRUED EXPENSES**

The Authority reported accrued expenses on its Statement of Net Position. Accrued expenses are liabilities incurred on or before September 30. Accrued liabilities at September 30, 2014 consist of the following:

	<u>September-14</u>
Accrued Liabilities - Operating Expenses	\$ 110,529
Compensated Absences - Current Portion	<u>35,812</u>
Total Accrued Liabilities	<u>\$ 146,341</u>

#### **NOTE 12 – ACCRUED COMPENSATED ABSENCES**

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

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

Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service. Employees may be compensated for sick leave at retirement, to a maximum of \$8,500.

The Authority has determined that the potential liability for accumulated vacation and sick time at September 30, 2014 as follows:

	<u>September-14</u>
Accumulated Sick Time	\$ 172,445
Accumulated Vacation Time	160,183
Accrued Payroll Taxes	<u>25,449</u>
Total	358,077
Compensated Absences - Current Portion	<u>(35,812)</u>
Total Compensated Absences - Noncurrent	<u>\$ 322,265</u>



# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

### **NOTE 13 – UNEARNED REVENUE**

The Authority reported unearned revenues on its Statement of Net Position. Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The unearned revenue account balance at September 30, 2014 is \$9,483 consists of prepaid rents for October 2014.

### **NOTE 14 – LONG TERM DEBT**

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

### **NOTE 15 – LONG TERM DEBT – CAPITAL PROJECT BOND PAYABLE**

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

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

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

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

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

**HOUSING AUTHORITY OF WEST NEW YORK**

Notes to Financial Statements

September 30, 2014

**NOTE 15 – LONG TERM DEBT – CAPITAL PROJECT BOND PAYABLE**

The interest payable for November 1, 2014 is \$97,351 and May 1, 2015 is \$94,524. These amounts were not accrued since the payment would be made from the Authority Capital Fund Program (CFP) and would be considered grant revenue in the year ended September 30, 2015.

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

September 30, 2015	\$ 295,000
September 30, 2016	305,000
September 30, 2017	315,000
September 30, 2018	335,000
September 30, 2019	<u>345,000</u>
Sub Total	<u>1,595,000</u>
Next Five Years Ending September 30, 2024	2,010,000
Next Two Years Ending September 30, 2025	<u>675,000</u>
	<u>2,685,000</u>
Total Capital Project Bonds	<u>\$ 4,280,000</u>

## HOUSING AUTHORITY OF WEST NEW YORK

### Notes to Financial Statements

September 30, 2014

#### **NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

The Authority’s annual other postemployment benefit (“OPEB”) cost (expense) is calculated based on the annual required contribution of employer (“ARC”) , an amount actuarially determined in accordance with parameters of GASB Statement No. 45 . The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

The following table shows the components of the Authority’s annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority’s net OPEB obligation to the plan:

	<u>September-14</u>
Annual Required Contribution (ARC)	\$ 395,709
Interest on Net OPEB Obligation	31,690
Adjustment to ARC	<u>120,157</u>
Annual OPEB cost (expense)	547,556
Contributions made	<u>(181,555)</u>
Increase in net OPEB obligation	366,001
Net OPEB Obligation – beginning of year	633,807
Net OPEB Obligation – end of year	<u><u>\$ 999,808</u></u>

The Authority’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2014 fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September-12	\$ 303,086	28%	\$ 218,312
September-13	\$ 323,879	15%	\$ 229,181
September-14	\$ 547,556	33%	\$ 366,001

#### **FUNDED STATUS AND FUNDING PROGRESS**

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

**HOUSING AUTHORITY OF WEST NEW YORK**

Notes to Financial Statements

September 30, 2014

**NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION – CONTINUED**

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

EFFECT OF A 1% CHANGE IN HEALTHCARE TREND RATES

In the event of that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Accrued Liability would increase to \$905,921 or by 17% percent and the corresponding Normal Cost would increase to \$90,361 or by 30% percent.

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

- Actuarial Cost Method                      Projected Unit Credit
- Investment Rate of Return                      5.00% per annum
- Healthcare Trend Rates:

	Year	Pre-65	Post 65
Initial Trend	1/1/2015	0.0%	0.0%
Ultimate Trend	1/1/2019 & Later	5.0%	5.0%
Grading Per Year		1.0%	1.0%

- General Inflation Assumption:                      1% per annum
- Annual Compensation Increases                      1% per annum
- Actuarial Value of Assets:                      Market Value
- Amortization of UAL: Amortized as level dollar amount over 30 years at transition
- Remaining Amortization Period:                      27 years at October 1, 2013

**HOUSING AUTHORITY OF WEST NEW YORK**

Notes to Financial Statements

September 30, 2014

**NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED**

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

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

SUMMARY OF CHANGES TO UNFUNDED ACCRUED LIABILITY

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

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

**NOTE 17 – RESTRICTED NET ASSETS**

The Authority restricted net position account balance at September 30, 2014 is \$55,910. The detail of the restricted reserve account balances is as follows:

	State	HCV	
	<u>Leveraging</u>	<u>HAP Payments</u>	<u>Total</u>
Balance September 30, 2013	5,742	206,018	211,760
Increase During the Year	569	-	569
Decrease During the Year	-	(156,419)	(156,419)
Balance September 30, 2014	<u>\$ 6,311</u>	<u>\$ 49,599</u>	<u>\$ 55,910</u>

Housing Choice Voucher Program - Reserves

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

**HOUSING AUTHORITY OF WEST NEW YORK**

Notes to Financial Statements  
September 30, 2014

**NOTE 18 – UNRESTRICTED NET POSITION**

The Authority’s unrestricted net position account balance at September 30, 2014 is \$7,481,649. The detail of the account balance is as follows:

	LIH Program Reserves	HCV Program Adm Reserves	Component Unit	COCC	Total
Balance September 30, 2013	\$ 3,081,762	\$ 758,051	\$ 3,492,046	\$ 371,038	\$ 7,702,897
Increase During the Year	36,825			98,693	135,518
Decrease During the Year	-	(17,208)	(339,558)	-	(356,766)
Balance September 30, 2014	<u>\$ 3,118,587</u>	<u>\$ 740,843</u>	<u>\$ 3,152,488</u>	<u>\$ 469,731</u>	<u>\$ 7,481,649</u>

Housing Choice Voucher Program - Reserves

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

The Authority has \$315,891 pre-2004 administrative fee equity for the Housing Choice Voucher Program.

**NOTE 19 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended September 30, 2014, the Authority’s risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, worker’s compensation, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its buildings for the purpose of determining potential liability issues.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

### **NOTE 20 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES**

Pursuant to the Annual Contribution Contract, HUD makes annual debt service contributions to the Authority for each permanently financed project in the amount equal to the debt service on its bonds, plus, if necessary, an amount to fully amortize the Authority's indebtedness represented by permanent notes or project notes. Accrued HUD contributions for the year ended September 30, 2014 were \$ - 0 -.

HUD also contributes an additional operating subsidy approved in the operating budget under the Annual Contribution Contract. Additional operating subsidy contributions for the year ended September 30, 2014 was in the amount of \$2,531,343.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The programs provide for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for September 30, 2014 were in the amount of \$2,844,812.

### **NOTE 21 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

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

Governmental Accounting Standards Boards Statements (GASBS) requires disclosure in financial statements of a situation where one entity provides more than 10% percent of the audited entity's revenues. Total financial support by HUD was \$6,460,764 to the Authority which represents approximately 61% percent of the Authority's total revenue for the fiscal year September 30, 2014.

# HOUSING AUTHORITY OF WEST NEW YORK

## Notes to Financial Statements

September 30, 2014

### **NOTE 22 - CONTINGENCIES**

Litigation – At September 30, 2014, the Authority was not involved in any threatening litigation.

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

### **NOTE 23 – SUBSEQUENT EVENTS**

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the Statement of Net Position's date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru May 1, 2015; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



**HOUSING AUTHORITY OF WEST NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014**

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

	<u>CFDA #'s</u>	<u>September 30, 2014</u>
<u>PHA Owned Housing</u>		
Low Rent Public Housing	14.850	\$ 2,531,343
Public Housing Capital Fund Program	14.872	<u>1,002,827</u>
Subtotal		<u>3,534,170</u>
 <u>Rental Assistance Housing Programs</u>		
Housing Choice Vouchers	14.871	2,844,812
New Construction Substantial Rehabilitation	14.182	<u>81,782</u>
Subtotal		<u>2,926,594</u>
 Total Awards		 <u><u>\$ 6,460,764</u></u>

**Note 1. Presentation:**

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

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

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

**Note 3. Loans Outstanding:**

Housing Authority of West New York had Capital Project Bonds payable in the amount of \$4,280,000 outstanding at September 30, 2014. See Note 15 on page 39-40 of this report for full detail.

**Note 4. Sub recipients:**

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

**HOUSING AUTHORITY OF WEST NEW YORK  
BUDGETARY COMPARISON SCHEDULE  
LOW INCOME HOUSING PROGRAM  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
<b>Revenue:</b>			
Tenant Rental Revenue	\$ 2,888,637	\$ 2,828,470	\$ 60,167
HUD PHA Operating Grants	2,838,243	2,394,804	443,439
Other Revenue	184,255	210,000	(25,745)
Total Revenue	<u>5,911,135</u>	<u>5,433,274</u>	<u>477,861</u>
<b>Operating Expenses:</b>			
<b>Administration:</b>			
Administrative Salaries	232,040	452,240	220,200
Audit Fee's	10,000	12,480	2,480
Employee Benefit Contributions	182,315	399,407	217,092
Management Fee	589,115	-	(589,115)
Bookkeeping Fee	62,746	63,000	254
Other Operating Administrative Expenses	110,481	291,040	180,559
Total Administrative Expenses	<u>1,186,697</u>	<u>1,218,167</u>	<u>31,470</u>
<b>Tenant Services:</b>			
Tenant Services Salaries	16,448	21,600	5,152
Employee Benefit Contributions	15,103	15,302	199
Asset Management Fee	85,680	-	(85,680)
Tenant Services Other	850	20,000	19,150
Total Tenant Services	<u>118,081</u>	<u>56,902</u>	<u>(61,179)</u>
<b>Utilities:</b>			
Water	259,052	276,140	17,088
Electricity	599,277	665,780	66,503
Gas	572,793	477,690	(95,103)
Labor	123,674	106,500	(17,174)
Employee Benefit Contributions	113,562	75,699	(37,863)
Sewer	403,744	390,990	(12,754)
Total Utilities	<u>2,072,102</u>	<u>1,992,799</u>	<u>(79,303)</u>
<b>Maintenance:</b>			
Maintenance Labor	410,525	469,190	58,665
Materials	164,601	250,000	85,399
Maintenance Contract Cost	406,786	595,000	188,214
Employee Benefit Contributions	376,960	319,125	(57,835)
Total Maintenance	<u>1,358,872</u>	<u>1,633,315</u>	<u>274,443</u>
<b>Protective Services:</b>			
Protective Services - Labor	150,963	143,170	(7,793)
Employee Benefit Contributions	138,621	68,880	(69,741)
Total Protective Services	<u>289,584</u>	<u>212,050</u>	<u>(77,534)</u>
<b>Other Operating Expenses:</b>			
Insurance	190,106	258,200	68,094
Other General Expenses	9,000	-	(9,000)
Payment in Lieu of Taxes	81,651	91,140	9,489
Compensated Absences	34,235	-	(34,235)
Bad Debt	6,142	20,000	13,858
Severance Expense	248,414	-	(248,414)
Total Other Operating Expenses	<u>569,548</u>	<u>369,340</u>	<u>48,206</u>
Total Operating Expenses	<u>5,594,884</u>	<u>5,482,573</u>	<u>136,103</u>
Excess Revenue Over Expenses From Operations	<u>316,251</u>	<u>(49,299)</u>	<u>365,550</u>
<b>Other Income and (Expenses):</b>			
Investment Income	3,834	10,460	(6,626)
Furniture and Equipment Purchases	(80,834)	(94,000)	13,166
Interest Expense	(202,945)	(178,207)	(24,738)
Transfer In From Restricted	519	-	519
Total Other (Expenses) and Income	<u>(279,426)</u>	<u>(261,747)</u>	<u>(18,198)</u>
Excess Revenue over Expenses (Loss)	<u>\$ 36,825</u>	<u>\$ (311,046)</u>	<u>\$ 347,871</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK  
BUDGETARY COMPARISON SCHEDULE  
HOUSING CHOICE VOUCHER PROGRAM  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
<b>Revenue - Annual Contribution Required</b>			
Housing Assistance Payments	\$ 2,568,074	\$ 2,749,200	\$ (181,126)
Administrative Fee	276,738	258,120	18,618
Fraud Recovery	15,124	-	15,124
Other Income	757,370	65,000	692,370
Total Revenue	<u>3,617,306</u>	<u>3,072,320</u>	<u>544,986</u>
<b>Operating Expenses:</b>			
Administration:			
Administrative Salaries	124,082	187,820	63,738
Audit Fee's	-	2,400	2,400
Employee Benefit Contributions	43,429	139,000	95,571
Other Operating Administrative Expenses	90,238	69,180	(21,058)
Total Administrative Expenses	<u>257,749</u>	<u>398,400</u>	<u>140,651</u>
Other Operating Expenses:			
Insurance	24,189	22,500	(1,689)
Other General Expense	24,935	-	(24,935)
Severance Expense	39,338	-	(39,338)
Housing Assistance Payments	3,445,550	2,749,200	(696,350)
Total Other Operating Expenses	<u>3,534,012</u>	<u>2,771,700</u>	<u>(762,312)</u>
Total Operating Expenses	<u>3,791,761</u>	<u>3,170,100</u>	<u>(621,661)</u>
Excess Expenses Over Revenue From Operations	<u>(174,455)</u>	<u>(97,780)</u>	<u>(76,675)</u>
Other Income and (Expenses):			
Investment Income	828	10,000	(9,172)
Transfer In From Restricted	156,419	-	156,419
Total Other Income and (Expenses)	<u>157,247</u>	<u>10,000</u>	<u>147,247</u>
Excess Expenses (Loss) over Revenue	<u>\$ (17,208)</u>	<u>\$ (87,780)</u>	<u>\$ 70,572</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF WEST NEW YORK  
STATEMENT AND CERTIFICATION OF  
ACTUAL CAPITAL FUND GRANT COST  
AS OF SEPTEMBER 30, 2014**

	NJ39P030501-10		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 70,000	\$ 70,000	\$ -
Management Improvements	75,000	75,000	-
Administration	30,000	30,000	-
Fees & Costs	34,534	34,534	-
Site Improvements	3,439	3,439	-
Dwelling Structures	641,205	641,205	-
Dwelling Equipment - Nonexpendable	10,000	10,000	-
Non-Dwelling Structure	10,000	10,000	-
Bond Debt Obligation	492,887	492,887	-
<b>Total</b>	<b>\$ 1,367,064</b>	<b>\$ 1,367,064</b>	<b>\$ -</b>
 Funds Advanced	 \$ 1,367,064		
Funds Expended	1,367,064		
Excess of Funds Advanced	\$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-10 was completed on January 6, 2014.
4. There were no budget overruns noted.

See accompanying notes to the financial statements.

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$817,361		\$1	\$714,389	\$4,253,300		\$4,253,300
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted	\$49,599				\$55,910		\$55,910
114 Cash - Tenant Security Deposits					\$206,334		\$206,334
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$866,960	\$0	\$1	\$714,389	\$4,515,544	\$0	\$4,515,544
121 Accounts Receivable - PHA Projects	\$10,628				\$10,628		\$10,628
122 Accounts Receivable - HUD Other Projects					\$1,336,551		\$1,336,551
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous		\$3,485,658		\$296,956	\$3,782,614	-\$333,171	\$3,449,443
126 Accounts Receivable - Tenants					\$36,765		\$36,765
126.1 Allowance for Doubtful Accounts - Tenants							
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0	-\$13,956		-\$13,956
127 Notes, Loans, & Mortgages Receivable - Current					\$0		\$0
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud					\$0		\$0
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$10,628	\$3,485,658	\$0	\$296,956	\$5,152,602	-\$333,171	\$4,819,431
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets				\$14,046	\$65,621		\$65,621
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From							
145 Assets Held for Sale							
150 Total Current Assets	\$877,588	\$3,485,658	\$1	\$1,025,391	\$9,733,767	-\$333,171	\$9,400,596
161 Land					\$869,657		\$869,657
162 Buildings					\$27,484,427		\$27,484,427
163 Furniture, Equipment & Machinery - Dwellings					\$1,245,141		\$1,245,141
164 Furniture, Equipment & Machinery - Administration				\$20,089	\$442,214		\$442,214

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	14,182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
165 Leasehold Improvements	\$0					\$0		\$0
166 Accumulated Depreciation	-\$12,696,397				-\$10,529	-\$12,706,926		-\$12,706,926
167 Construction in Progress	\$11,905,105					\$11,905,105		\$11,905,105
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$29,230,058	\$0	\$0	\$0	\$9,560	\$29,239,618	\$0	\$29,239,618
171 Notes, Loans and Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures			\$4,676,539			\$4,676,539	-\$4,676,539	\$0
180 Total Non-Current Assets	\$29,230,058	\$0	\$4,676,539	\$0	\$9,560	\$33,916,157	-\$4,676,539	\$29,239,618
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	\$33,575,187	\$877,588	\$8,162,197	\$1	\$1,034,951	\$43,649,924	-\$5,009,710	\$38,640,214
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$59,737				\$37,417	\$97,154		\$97,154
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable								
322 Accrued Compensated Absences - Current Portion	\$8,298	\$1,136			\$26,378	\$35,812		\$35,812
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government	\$81,651					\$81,651		\$81,651
341 Tenant Security Deposits	\$206,334					\$206,334		\$206,334
342 Unearned Revenue	\$9,483					\$9,483		\$9,483
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$295,000					\$295,000		\$295,000
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities								

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
346 Accrued Liabilities - Other	\$110,529					\$110,529		\$110,529
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	\$771,032	\$1,136	\$0	\$0	\$63,795	\$835,963	\$0	\$835,963
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$3,985,000					\$3,985,000		\$3,985,000
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current	\$74,680	\$10,177			\$237,408	\$322,265		\$322,265
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	\$669,519	\$75,833			\$254,457	\$999,809		\$999,809
350 Total Non-Current Liabilities	\$4,729,199	\$86,010	\$0	\$0	\$491,865	\$5,307,074	\$0	\$5,307,074
300 Total Liabilities	\$5,500,231	\$87,146	\$0	\$0	\$555,660	\$6,143,037	\$0	\$6,143,037
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	\$24,950,058			\$0	\$9,560	\$24,959,618		\$24,959,618
511.4 Restricted Net Position	\$6,311	\$49,599				\$55,910		\$55,910
512.4 Unrestricted Net Position	\$3,118,587	\$740,843	\$8,162,197	\$1	\$469,731	\$12,491,359	-\$5,009,710	\$7,481,649
513 Total Equity - Net Assets / Position	\$28,074,956	\$790,442	\$8,162,197	\$1	\$479,291	\$37,506,887	-\$5,009,710	\$32,497,177
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$33,575,187	\$877,588	\$8,162,197	\$1	\$1,034,951	\$43,649,924	-\$5,009,710	\$38,640,214

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,837,010					\$2,837,010		\$2,837,010
70400 Tenant Revenue - Other	\$51,627					\$51,627		\$51,627
70500 Total Tenant Revenue	\$2,888,637	\$0	\$0	\$0	\$0	\$2,888,637	\$0	\$2,888,637
70600 HUD PHA Operating Grants	\$2,838,243	\$2,844,812		\$81,782		\$5,764,837		\$5,764,837
70610 Capital Grants	\$695,927					\$695,927		\$695,927
70710 Management Fee					\$644,463	\$644,463	-\$644,463	\$0
70720 Asset Management Fee					\$85,680	\$85,680	-\$85,680	\$0
70730 Book Keeping Fee					\$93,091	\$93,091	-\$93,091	\$0
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue					\$823,234	\$823,234	-\$823,234	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$3,830	\$654			\$3,000	\$7,484		\$7,484
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		\$15,124				\$15,124		\$15,124
71500 Other Revenue	\$184,255	\$757,370	\$12,000	\$1	\$190,720	\$1,144,346		\$1,144,346
71600 Gain or Loss on Sale of Capital Assets	\$4	\$174				\$178		\$178
72000 Investment Income - Restricted	\$6,610,896	\$3,618,134	\$12,000	\$81,783	\$1,016,954	\$11,339,767	-\$823,234	\$10,516,533
70000 Total Revenue								
91100 Administrative Salaries	\$232,040	\$124,082			\$280,248	\$636,370		\$636,370
91200 Auditing Fees	\$10,000				\$6,700	\$16,700		\$16,700
91300 Management Fee	\$589,115	\$55,348			\$644,463	\$644,463	-\$644,463	\$0
91310 Book-keeping Fee	\$62,746	\$30,345			\$93,091	\$93,091	-\$93,091	\$0
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$182,315	\$43,429			\$218,084	\$443,828		\$443,828
91600 Office Expenses	\$101,552	\$3,045	\$146	\$197	\$175,947	\$280,887		\$280,887
91700 Legal Expense	\$8,429	\$1,500			\$52,642	\$62,571		\$62,571
91800 Travel	\$500				\$200	\$700		\$700
91810 Allocated Overhead								

See accompanying notes to the financial statements



West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	14,182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
91900 Other								
91000 Total Operating - Administrative	\$1,186,697	\$257,749	\$146	\$197	\$733,821	\$2,178,610	-\$737,554	\$1,441,056
92000 Asset Management Fee	\$85,680					\$85,680	-\$85,680	\$0
92100 Tenant Services - Salaries	\$16,448					\$16,448		\$16,448
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	\$15,103					\$15,103		\$15,103
92400 Tenant Services - Other	\$1,250					\$1,250		\$1,250
92500 Total Tenant Services	\$32,801	\$0	\$0	\$0	\$0	\$32,801	\$0	\$32,801
93100 Water	\$259,052					\$259,052		\$259,052
93200 Electricity	\$599,277					\$599,277		\$599,277
93300 Gas	\$572,793					\$572,793		\$572,793
93400 Fuel								
93500 Labor	\$123,674					\$123,674		\$123,674
93600 Sewer	\$403,774					\$403,774		\$403,774
93700 Employee Benefit Contributions - Utilities	\$113,562					\$113,562		\$113,562
93800 Other Utilities Expense								
93000 Total Utilities	\$2,072,132	\$0	\$0	\$0	\$0	\$2,072,132	\$0	\$2,072,132
94100 Ordinary Maintenance and Operations - Labor	\$410,525				\$37,619	\$448,144		\$448,144
94200 Ordinary Maintenance and Operations - Materials and Other	\$164,601				\$7,101	\$171,702		\$171,702
94300 Ordinary Maintenance and Operations Contracts	\$406,786				\$43,497	\$450,283		\$450,283
94500 Employee Benefit Contributions - Ordinary Maintenance	\$376,960				\$34,543	\$411,503		\$411,503
94000 Total Maintenance	\$1,358,872	\$0	\$0	\$0	\$122,760	\$1,481,632	\$0	\$1,481,632
95100 Protective Services - Labor	\$150,963					\$150,963		\$150,963
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services	\$138,621					\$138,621		\$138,621
95000 Total Protective Services	\$289,584	\$0	\$0	\$0	\$0	\$289,584	\$0	\$289,584

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
96110 Property Insurance	\$95,053					\$95,053		\$95,053
96120 Liability Insurance	\$47,526					\$47,526		\$47,526
96130 Workmen's Compensation	\$47,527	\$24,189			\$8,383	\$80,099		\$80,099
96140 All Other Insurance								
96100 Total Insurance Premiums	\$190,106	\$24,189	\$0	\$0	\$8,383	\$222,678	\$0	\$222,678
96200 Other General Expenses	\$9,000	\$24,811	\$333,171			\$366,982		\$366,982
96210 Compensated Absences	\$34,235	\$6,324			-\$32,671	\$7,888		\$7,888
96300 Payments in Lieu of Taxes	\$81,651					\$81,651		\$81,651
96400 Bad debt - Tenant Rents	\$6,142					\$6,142		\$6,142
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense	\$248,414	\$33,014			\$84,574	\$366,002		\$366,002
96000 Total Other General Expenses	\$379,442	\$64,149	\$333,171	\$0	\$51,903	\$828,665	\$0	\$828,665
96710 Interest of Mortgage (or Bonds) Payable	\$202,945		\$18,242			\$221,187		\$221,187
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$202,945	\$0	\$18,242	\$0	\$0	\$221,187	\$0	\$221,187
96900 Total Operating Expenses	\$5,798,259	\$346,087	\$351,559	\$197	\$916,867	\$7,412,969	-\$823,234	\$6,589,735
97000 Excess of Operating Revenue over Operating Expenses	\$812,637	\$3,272,047	-\$339,559	\$81,586	\$100,087	\$3,926,798	\$0	\$3,926,798
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments		\$2,732,105		\$81,585		\$2,813,690		\$2,813,690
97350 HAP Portability-In		\$713,445				\$713,445		\$713,445
97400 Depreciation Expense	\$649,197				\$2,348	\$651,545		\$651,545
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$6,447,456	\$3,791,637	\$351,559	\$81,782	\$919,215	\$11,591,649	-\$823,234	\$10,768,415

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	14,182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In	\$29,803					\$29,803		\$29,803
10020 Operating transfer Out	-\$29,803					-\$29,803		-\$29,803
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$163,440	-\$173,503	-\$339,559	\$1	\$97,739	-\$251,882	\$0	-\$251,882
Total Expenses								
11020 Required Annual Debt Principal Payments	\$295,000	\$0	\$0	\$0	\$0	\$295,000	\$0	\$295,000
11030 Beginning Equity	\$27,911,516	\$963,945	\$0	\$0	\$381,552	\$29,257,013	\$0	\$29,257,013
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$8,501,756			\$8,501,756	\$0	\$8,501,756
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		\$740,843				\$740,843		\$740,843
11180 Housing Assistance Payments Equity		\$49,599				\$49,599		\$49,599
11190 Unit Months Available	8568	5544	0	0	0	14112	0	14112
11210 Number of Unit Months Leased	8366	4046	0	0	0	12412	0	12412
11270 Excess Cash	\$3,076,816					\$3,076,816		\$3,076,816

See accompanying notes to the financial statements

West New York Housing Authority (NJ030)  
WEST NEW YORK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
11610 Land Purchases	\$0			\$0	\$0		\$0
11620 Building Purchases	\$410,927			\$0	\$410,927		\$410,927
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$1,394	\$1,394		\$1,394
11650 Leasehold Improvements Purchases	\$0			\$0	\$0		\$0
11660 Infrastructure Purchases	\$0			\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$285,000			\$0	\$285,000		\$285,000
13901 Replacement Housing Factor Funds	\$0			\$0	\$0		\$0



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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of West New York (hereafter referred to as the Authority), which comprise the statement of net position as of September 30, 2014 and the related statements of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2015.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of This Report**

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

***Hymanson, Parnes & Giampaolo***

Lincroft, New Jersey

Date: May 1, 2015



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

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance**

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

**Management's Responsibility for Compliance**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of West New York's compliance.

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

In our opinion, the Housing Authority of West New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

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

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

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

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

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

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



**Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey

Date: May 1, 2015

**HOUSING AUTHORITY OF WEST NEW YORK**

Schedule of Findings and Questioned Cost

Year Ended September 30, 2014

**Prior Audit Findings**

None reported

**Summary of Auditor's Results**

**Financial Statements**

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

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

Significant Deficiency(ies) identified that are  
considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

Noncompliance Material to Financial Statements Noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal Control over Major Programs:

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

Significant Deficiency(ies) identified that are  
considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

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

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a) of  
Circular A-133 \_\_\_\_\_ yes  X  no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.850	Low Rent Public Housing Program	\$ 2,531,343

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

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

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported

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

None reported



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

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

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

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

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, by Housing Authority of West New York as of and for the year ended September 30, 2014, and have issued our reports thereon dated May 1, 2015. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated September 30, 2014, was expressed in relation to the basic financial statements of Housing Authority of West New York taken as a whole.

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

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

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey  
May 1, 2015

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

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