

**PATERSON HOUSING AUTHORITY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTAL INFORMATION**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**PATERSON HOUSING AUTHORITY**  
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**YEARS ENDED MARCH 31, 2015 AND 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Paterson Housing Authority:

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

We have audited the accompanying financial statements of the Paterson Housing Authority ("the Authority") as of and for the years ended March 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## INDEPENDENT AUDITOR'S REPORT (continued)

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Paterson Housing Authority as of March 31, 2015 and 2014, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Paterson Housing Authority's basic financial statements. The schedule of expenditures of federal awards, as required by 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 basic financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

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

## INDEPENDENT AUDITOR'S REPORT (continued)

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2015 on our consideration of the Paterson Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Paterson Housing Authority's internal control over financial reporting and compliance.

*Fallon & Larsen LLP*

November 10, 2015  
Toms River, New Jersey

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**PATERSON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2015**

The Paterson Housing Authority's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 13 of the Audit Report).

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Ms. Irma Gorham, Executive Director of the Housing Authority of the City of Paterson, at (973) 345-5650. Specific requests may be submitted to Mr. Dale Jones, Assistant Executive Director, Housing Authority of the City of Paterson, 60 Van Houten Street, Paterson, NJ 07505.

**FINANCIAL HIGHLIGHTS**

- The Authority's net position increased by approximately \$8.7 million or (13.05%) during fiscal year ended March 31, 2015. Net Position was \$66.9 million in 2014 and \$75.6 million in 2015, respectively.
- Operating revenues increased by approximately \$512,000 or (1.43%) from \$35.85 million in 2014 to \$36.36 million in 2015. The increase in revenues is attributed mainly to the Authority receiving a \$400,000 grant from the Federal Home Loan Bank for Alexander Hamilton III Associates, a decrease in tenant revenue of \$170,000 and an increase in HUD grants of \$331,000 which was offset by decreases in portability income.
- Operating expenses for all Authority programs decreased by approximately \$118,000 or (.3%). Total expenses were \$39.87 million in 2014 and \$39.75 million for 2015, respectively.
- Non-operating revenues & expenses, net increased \$6.79 million from \$5.33 million in 2014 to \$12.12 million in 2015. This increase is primarily due to an increase of capital grants of \$5.15 and a decrease in non-operating expenses of \$1.53 million.

**PATERSON HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
MARCH 31, 2015**

**USING THIS ANNUAL REPORT**

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary Information”:

**MD&A**

~ Management’s Discussion  
and Analysis ~

**Basic Financial Statements**

~ Authority-wide Financial Statements (new) – pages 13 - 16  
~ Notes to Financial Statements (expanded/restructured) – pages 17 - 37

**Other Required Supplementary Information**

~ Required Supplementary Information pages 43 - 59  
(other than MD&A)

**Authority-Wide Financial Statements**

The Authority-wide financial statements (see pages 13 – 16) are designed to be corporate-like in that all business type activities are consolidated into a total for the entire Authority.

These Statements include a Statement of Net Position which is similar to a Balance Sheet. The statement is presented in the format where assets, minus liabilities, equal, “Net Position”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.



**PATERSON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2015**

**Authority-Wide Financial Statements (continued)**

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Change in Net Position (see pg 14 - similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included (see pg 15 – 16) which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

**Financial Statements**

Traditional users of governmental financial statements will find the Financial Statements presentation more familiar.

Many of the grants maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**PATERSON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2015**

**The Authority's Programs**

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Capital Grants – The Authority receives specifically earmarked capital grants from HUD. These funds are used to rehabilitate the Authority owned buildings and structures.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD.

Resident Opportunities For Family Self-Sufficiency Program – The program targets adults ages 65 and older and persons with disabilities living in the Authority's developments. The objective is to highlight the importance of nutrition and fitness, mental health, computer literacy and other life skills management.

Housing Counseling Program Service – The Authority's staff work with low-income residents to educate them to be first time homeowners.

Component Unit – The Authority operates twenty (20) scattered site units located in Paterson, NJ through Sojourner Douglas Urban Renewal Partnership, L.P.

**PATERSON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2015**

**AUTHORITY-WIDE STATEMENT**

The following table reflects the condensed Statements of Net Position compared to prior year.

**TABLE 1**

**STATEMENTS OF NET POSITION**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
<b>Assets:</b>				
Cash & Other Current Assets	\$ 12,878,069	\$ 12,287,698	\$ 590,371	4.80%
Capital Assets, Net	25,846,076	28,972,117	(3,126,041)	-10.79%
Other Assets	<u>44,298,129</u>	<u>32,138,522</u>	<u>12,159,607</u>	<u>37.83%</u>
Total assets	83,022,274	73,398,337	9,623,937	13.11%
<b>Liabilities:</b>				
Current liabilities	3,479,206	3,282,792	196,414	5.98%
Noncurrent liabilities	<u>3,895,521</u>	<u>3,201,543</u>	<u>693,978</u>	<u>21.68%</u>
Total liabilities	7,374,727	6,484,335	890,392	13.73%
<b>Net position:</b>				
Invested in capital assets	25,846,076	28,972,117	(3,126,041)	-10.79%
Restricted net position	44,288,748	32,115,703	12,173,045	37.90%
Unrestricted net position	<u>5,512,723</u>	<u>5,826,182</u>	<u>(313,459)</u>	<u>-5.38%</u>
Total net position	<u>\$ 75,647,547</u>	<u>\$ 66,914,002</u>	<u>\$ 8,733,545</u>	<u>13.05%</u>

**Major Factors Affecting the Statements of Net Position:**

- During 2015 Total net position increased by \$8.7 million primarily due to the Authority utilizing \$8.6 million of Hope VI grants for the redevelopment of the Alexander Hamilton public housing development.
- Capital Assets, net decreased \$3.1 million as the Authority purchased \$9.1 million in capital assets which was offset by \$1.5 million in depreciation and a transfer of \$10.7 million from construction in progress to a note receivable.
- Other Assets increased \$12.2 million primarily due to the Authority issuing notes receivable in connection with the development of the Alexander Hamilton public housing development.

**PATERSON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2015**

**AUTHORITY-WIDE STATEMENT (continued)**

**TABLE 2**

**CHANGE IN NET POSITION**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
Operating revenue & expense				
Operating revenue	\$ 36,360,358	\$ 35,848,269	\$ 512,089	1.43%
Operating expenses	39,748,521	39,866,750	(118,229)	-0.30%
Operating loss	(3,388,163)	(4,018,481)	630,318	-15.69%
Non-operating revenues & expenses	12,121,708	5,329,994	6,791,714	127.42%
Decrease in net position	8,733,545	1,311,513	7,422,032	565.91%
Net position, beginning of year	66,914,002	65,602,489	1,311,513	2.00%
Net position, end of year	<u>\$ 75,647,547</u>	<u>\$ 66,914,002</u>	<u>\$ 8,733,545</u>	<u>13.05%</u>

**TABLE 3**

**REVENUES BY SOURCE**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
Operating revenue				
Tenant revenue	\$ 3,400,652	\$ 3,570,951	\$ (170,299)	-4.77%
HUD operating grants	30,486,354	29,916,748	569,606	1.90%
Other income	2,473,352	2,360,570	112,782	4.78%
Total operating revenue	36,360,358	35,848,269	512,089	1.43%
Non-operating revenues				
Investment income	3,220	3,773	(553)	-14.66%
Mortgage interest income	1,971,123	1,971,123	-	0.00%
Capital grants	10,263,570	5,117,087	5,146,483	100.57%
Total non-operating revenues	12,237,913	7,091,983	5,145,930	72.56%
Total revenues	<u>\$ 48,598,271</u>	<u>\$ 42,940,252</u>	<u>\$ 5,658,019</u>	<u>13.18%</u>

**PATERSON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2015**

**AUTHORITY-WIDE STATEMENT (continued)**

Total Revenue increased by approximately \$5.66 million or 13.18% in 2015 in comparison to 2014. This is primarily attributed to the following:

- An increase of \$1.18 million in HCV subsidy from \$23.38 million in 2014 to \$24.56 million in 2015. This is primarily a result of the Authority having 1,768 more unit months under lease in 2015 than in 2014.
- Capital grants increased \$5.15 million in 2015 as compared to 2014 as a result of the Authority utilizing open grants from previous years in completing projects as outlined in the Authority's annual plan.

**TABLE 4**

**OPERATING EXPENSES**

	2015	2014	Increase (Decrease)	Percent Variance
Administrative	\$ 3,224,434	\$ 3,166,447	\$ 57,987	1.83%
Tenant services	1,111,723	1,413,489	(301,766)	-21.35%
Utilities	2,411,082	2,534,367	(123,285)	-4.86%
Maintenance	2,666,359	2,826,586	(160,227)	-5.67%
Protective services	212,359	387,737	(175,378)	-45.23%
Insurance	316,223	564,988	(248,765)	-44.03%
General expense	3,086,058	2,916,042	170,016	5.83%
Depreciation expenses	1,587,026	1,649,645	(62,619)	-3.80%
Housing assistance payments	25,133,007	24,407,449	725,558	2.97%
<b>Total expenses</b>	<b>\$ 39,748,271</b>	<b>\$ 39,866,750</b>	<b>\$ (118,479)</b>	<b>-0.30%</b>

Operating Expenses decreased by .3% during 2015 in comparison to 2014.

Major factors affecting expenses is as follows:

- Tenant Services expenses decreased \$301,766 primarily due to an overall decrease in salaries and benefits.
- Housing assistance payments expense increased \$725,558 primarily due to the Authority increasing its unit months leased by 1,768 which was offset by a reduction of portable tenants received from 2014 to 2015.

**PATERSON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2015**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of March 31, 2015, the Authority had \$25.85 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease over the previous fiscal year (additions, deductions and depreciation) of \$3.13 million or 10.79%.

**TABLE 5**

**CAPITAL ASSETS**

	2015	2014	Increase (Decrease)	Percent Variance
Land	\$ 2,534,097	\$ 2,534,097	\$ -	0.00%
Buildings, improvements and equip	84,735,825	86,573,725	(1,837,900)	-2.12%
Construction in progress	6,862,903	8,608,117	(1,745,214)	-20.27%
	<u>94,132,825</u>	<u>97,715,939</u>	<u>(3,583,114)</u>	<u>-3.67%</u>
Less: accumulated depreciation	<u>(68,286,749)</u>	<u>(68,743,822)</u>	<u>457,073</u>	<u>-0.66%</u>
Capital assets, net	<u>\$ 25,846,076</u>	<u>\$ 28,972,117</u>	<u>\$ (3,126,041)</u>	<u>-10.79%</u>

This year's major additions are primarily capital expenditures related to modernizing the Authority's housing developments.

Depreciation expense for the year ended March 31, 2015 amounted to \$1.58 million.

The Authority recorded the disposition of a fully depreciated building in the amount of \$2.04 million as the result of entering into a 90 year land lease with a developer to redevelop the Alexander Hamilton public housing site.

**DEBT ADMINISTRATION**

As of March 31, 2015, the Authority had no interest bearing long-term debt outstanding (bonds, notes, etc.). Debt of prior years had been officially forgiven by HUD.

However, as a result of OIG audit report 2014-NY-1001, in September, 2014, the Authority and the OIG came to an agreement to reimburse HUD \$1,660,103. The repayment term is ten (10) years and interest free. Included in the Statements of Net Position is a \$1,622,890 liability related to this matter.

**PATERSON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2015**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs.

## **FINANCIAL STATEMENTS**



**PATERSON HOUSING AUTHORITY  
STATEMENTS OF NET POSITION  
AS OF MARCH 31, 2015 AND 2014**

ASSETS		<u>2015</u>	<u>2014</u>
Current assets:			
Cash and cash equivalents		\$ 12,458,933	\$ 11,496,131
Accounts receivable, net		411,772	782,169
Prepaid expenses		<u>7,364</u>	<u>9,398</u>
Total current assets		<u>12,878,069</u>	<u>12,287,698</u>
Non-current assets:			
Restricted cash		3,087,205	3,336,380
Notes receivable, long term		41,210,924	28,802,142
Capital assets, net		<u>25,846,076</u>	<u>28,972,117</u>
Total non-current assets		<u>70,144,205</u>	<u>61,110,639</u>
Total assets		<u>83,022,274</u>	<u>73,398,337</u>
LIABILITIES			
Current liabilities:			
Accounts payable		1,469,858	1,372,968
Accrued expenses		149,315	124,032
Accrued compensated absences, current		505,638	459,044
Tenant security deposits		240,974	245,756
Due to HUD, current portion		197,099	37,213
Other current liabilities		<u>916,322</u>	<u>1,043,779</u>
Total current liabilities		<u>3,479,206</u>	<u>3,282,792</u>
Non-current liabilities:			
Accrued compensated absences, net of current portion		715,548	754,863
Due to HUD, net of current portion		1,425,791	1,558,262
Noncurrent liabilities - other		<u>1,754,182</u>	<u>888,418</u>
Total non-current liabilities		<u>3,895,521</u>	<u>3,201,543</u>
Total liabilities		<u>7,374,727</u>	<u>6,484,335</u>
NET POSITION			
Net position:			
Net investment in capital assets		25,846,076	28,972,117
Restricted		44,288,748	32,115,703
Unrestricted		<u>5,512,723</u>	<u>5,826,182</u>
Total net position		<u>\$ 75,647,547</u>	<u>\$ 66,914,002</u>

See accompanying notes to financial statements.

**PATERSON HOUSING AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEARS ENDED MARCH 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Tenant revenue	\$ 3,400,652	\$ 3,570,951
HUD operating grants	30,486,354	29,916,748
Other government grants	422,154	141,967
Other revenues	<u>2,051,198</u>	<u>2,218,603</u>
Total operating revenue	<u>36,360,358</u>	<u>35,848,269</u>
Operating expenses:		
Administrative	3,224,434	3,166,447
Tenant services	1,111,723	1,413,489
Utilities	2,411,082	2,534,367
Ordinary maintenance and operations	2,666,359	2,826,586
Protective services	212,609	387,737
Insurance expense	316,223	564,988
General expenses	3,086,058	2,916,042
Housing assistance payments	25,133,007	24,407,449
Depreciation	<u>1,587,026</u>	<u>1,649,645</u>
Total operating expenses	<u>39,748,521</u>	<u>39,866,750</u>
Operating gain (loss)	<u>(3,388,163)</u>	<u>(4,018,481)</u>
Non-operating revenues (expenses):		
Investment income	3,220	3,773
Mortgage interest income	1,971,123	1,971,123
OIG audit assessment	(64,629)	(1,595,475)
Extraordinary maintenance	<u>(51,576)</u>	<u>(166,514)</u>
Net non-operating revenues (expense)	<u>1,858,138</u>	<u>212,907</u>
Income (loss) before capital grants	(1,530,025)	(3,805,574)
Capital grants	<u>10,263,570</u>	<u>5,117,087</u>
Change in net position	8,733,545	1,311,513
Net position, beginning of year	<u>66,914,002</u>	<u>65,602,489</u>
Net position, end of year	<u>\$ 75,647,547</u>	<u>\$ 66,914,002</u>

See accompanying notes to financial statements.

**PATERSON HOUSING AUTHORITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED MARCH 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Cash received from grantors	\$ 31,346,385	\$ 30,759,663
Cash received from tenants	6,245,352	5,983,486
Cash paid to employees	(3,348,603)	(3,532,460)
Cash paid to suppliers	<u>(32,837,740)</u>	<u>(33,572,404)</u>
Net cash flows provided (used) by operating activities	<u>1,405,394</u>	<u>(361,715)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(9,124,035)	(5,168,347)
Extraordinary maintenance	(51,576)	(166,514)
Capital grant contributions	<u>10,263,570</u>	<u>5,117,087</u>
Net cash flows provided (used) by capital and related financing activities	<u>1,087,959</u>	<u>(217,774)</u>
Cash Flows from Non-Capital and Related Financing Activities:		
Payment of OIG assessment	<u>(37,214)</u>	<u>-</u>
Net cash flows provided (used) by non-capital and related financing activities	<u>(37,214)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Advances on notes receivable	(1,745,732)	-
Investment income	<u>3,220</u>	<u>3,773</u>
Net cash flows provided (used) by investing activities	<u>(1,742,512)</u>	<u>3,773</u>
Net increase (decrease) in cash	713,627	(575,716)
Cash and cash equivalents, beginning of year	<u>14,832,511</u>	<u>15,408,227</u>
Cash and cash equivalents, end of year	<u>\$ 15,546,138</u>	<u>\$ 14,832,511</u>

See accompanying notes to financial statements.

**PATERSON HOUSING AUTHORITY**  
**STATEMENTS OF CASH FLOWS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:		
Operating gain (loss)	\$ (3,388,163)	\$ (4,018,481)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,587,026	1,649,645
Bad debts	2,079,799	2,143,320
Changes in assets and liabilities:		
Accounts receivable - HUD and other government	360,682	700,948
Accounts receivable - tenants	(104,693)	(181,643)
Accounts receivable - other	5,732	371,052
Prepaid expenses	2,034	123,076
Accounts payable	96,890	(1,062,820)
Accrued compensated absences	7,279	(22,411)
Accrued expenses	25,283	(42,835)
Tenant security deposits	(4,782)	12,746
Other current liabilities	(127,457)	65,942
Other liabilities	<u>865,764</u>	<u>(100,254)</u>
Net cash provided (used) by operating activities	\$ <u>1,405,394</u>	\$ <u>(361,715)</u>

	<u>2015</u>	<u>2014</u>
A reconciliation of cash and cash equivalents to Statement of Net Position is as follows:		
Cash and cash equivalents	\$ 12,458,933	\$ 11,496,131
Restricted cash and cash equivalents	<u>3,087,205</u>	<u>3,336,380</u>
	<u>\$ 15,546,138</u>	<u>\$ 14,832,511</u>

See accompanying notes to financial statements.

**PATERSON HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Housing Authority of the City of Paterson ("Paterson Housing Authority") or ("the Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A: 12A-1, et. Seq., 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 City of Paterson, New Jersey ("the City"). The Authority is responsible for operating certain low-rent housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners who serve four year terms. The Authority's board of commissioners is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

The Authority also operates public housing units through non-profit affiliates, Paterson Development Management Corporation (PDMC), Belmont Management and Development Corporation (BMDC) and Alexander Hamilton Development and Management Corporation (AHDMC). These entities own non-controlling interests in several low income tax credit partnerships.

A description of these interests is as follows:

The Authority in conjunction with PDMC developed 20 units of low income housing which resulted in a tax credit partnership known as Sojourner Douglass Urban Renewal, LP. (SD). PDMC is the general partner and maintained a 1% interest in SD through December 13, 2011. On December 13, 2011, the Authority exercised its Right of First Refusal (ROFR) and as a result purchased the remaining partnership interest of SD from the limited partner. As a result of the purchase, SD is a component unit of the Authority and included in the Authority's financial statements.

PDMC also owns a .01% interest in both the Christopher Columbus Hope 98 Urban Renewal L.P. and the Paterson Hope 98 Urban Renewal L.P. which also operates low income public housing units through the Authority. These partnerships are the result of the revitalization of the Authority's former Christopher Columbus Public Housing Development.

The Authority in conjunction with BMDC developed Belmont 2007 Urban Renewal Associates, L.P. which is an 85 unit senior development in which BMDC has a .001% interest.

The Authority in conjunction with AHDMC developed Alexander Hamilton Associates, L.L.C. which is an 80 unit family development in which the AHDMC has a .01% interest. This is phase 1 of the revitalization of the Authority's former Alexander Hamilton Public Housing Development.

These entities are independently controlled and receive their own financial audits.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Description of Programs**

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

Low Rent Public Housing Program

The public housing program is designed to provide low-cost housing. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Housing Choice Vouchers

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

Public Housing Capital Fund Program

The purpose of the Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Section 8 Moderate Rehabilitation Single Room Occupancy

The Section 8 Moderate Rehabilitation Single Room Occupancy Program provides rental assistance to homeless individuals. Under the program, HUD enters into Annual Contributions Contracts with public housing agencies (PHAs) in connection with the moderate rehabilitation of residential properties that, when rehabilitation is completed, will contain multiple single room dwelling units.

Demolition and Revitalization of Severely Distressed Public Housing

The objective of HOPE VI revitalization grants is to provide assistance to public housing agencies (PHAs) for the purposes of enabling PHAs to improve the living environment for public housing residents of severely distressed public housing projects through (1) demolition, (2) substantial rehabilitation, (3) reconfiguration, and/or (4) replacement of severely distressed units. An additional objective is to revitalize the sites on which severely distressed public housing projects are located and contribute to the improvement of the surrounding neighborhood.

Community Development Block Grant

The primary objective of the Community Development Block Grants (CDBG) / Entitlement Grants program (large cities and urban counties) (24 CFR part 570 subpart D) is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

State and Local Programs

The Authority administers various grants from the state of New Jersey and the City of Paterson. The activities of state and local grants are reported in this fund.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Description of Programs (continued)**

Resident Opportunity and Supportive Services Program

The purpose of the Resident Opportunities and Self Sufficiency (ROSS) grant program is to provide funds for job training and supportive services to help residents of public housing transition from welfare to work. ROSS also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Housing and Counseling Assistance Program ("HCAP")

The purpose of the Housing Counseling Assistance Program is to counsel homeowners, homebuyers, prospective renters and tenants under HUD, conventional and other government programs in improving their housing conditions and in meeting the responsibilities of tenancy and homeowners.

Shelter Plus Care Program ("SPC")

Shelter Plus Care is a program designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters.

**C. Reporting Entity**

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

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

Based on the above criteria, this report includes the following component unit:

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Reporting Entity (continued)**

Sojourner Douglass Urban Renewal Partnership, L.P. (SD), was formed as a limited partnership under the laws of the State of New Jersey for the purpose of constructing and operating a low-income rental housing project consisting of 20 scattered-site units located in Paterson, New Jersey. The Project completed construction and began rental operations in January 1997.

Blended Presentation - In accordance with Statement No. 61 of the GASB, the Authority's financial statements are presented utilizing the blended method because the Authority's governing body and SD's governing body are substantively the same; and as such, a blended presentation of their financial statements is warranted. Additionally, based on the application of the above criteria, the Authority's financial statements are not included in any other reporting entity's financial statements.

**D. Basis of Accounting**

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

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

In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority incorporates FASB and AICPA guidance into GASB authoritative literature.

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

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



**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting (continued)**

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

**E. Use of Management Estimates**

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

**F. Cash and Cash Equivalents**

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.

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

HUD requires housing 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 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.

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 state and HUD requirements.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Accounts Receivable, Net**

Rents are due from tenants on the first day of each month. As a result, tenants' accounts receivable balances primarily consist of rents past due and vacated tenants. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

**H. Prepaid Expenses**

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

**I. Capital Assets**

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- |                           |               |
|---------------------------|---------------|
| • Buildings               | 10 - 40 Years |
| • Furniture and Equipment | 3 - 7 Years   |

The Authority has established a capitalization threshold of \$1,000.

**J. Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave computed in accordance with GASB Standards. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Operating Revenues and Expenses**

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

**L. Taxes**

The Authority is a unit of local government under New Jersey law and is exempt from real estate, sales and income taxes.

**M. Equity Classifications**

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

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

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

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**N. Economic Dependency**

The Section 8 and Low Rent Public Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving subsidies.

**O. Budgets and Budgetary Accounting**

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Budgets and Budgetary Accounting (continued)**

The Authority is also required to adopt and submit annually to the State of New Jersey, Department of Community Affairs, an Authority wide budget sixty (60) days prior to the start of the Authority's fiscal year.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At March 31, 2015 and 2014, the Authority had funds on deposit in checking accounts.

All bank deposits as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories.

For the fiscal years ended March 31, 2015 and 2014, the carrying amount of the Authority's cash (including restricted cash) was \$15,546,138 and \$14,832,511 and the bank balances were \$17,252,464 and \$15,645,808. Cash and cash equivalents consist of the following:

<u>Cash Category</u>	<u>2015</u>	<u>2014</u>
Operations	\$ 12,217,879	\$ 11,250,275
Tenant security deposits	241,054	245,856
Restricted	<u>3,087,205</u>	<u>3,336,380</u>
	<u>\$ 15,546,138</u>	<u>\$ 14,832,511</u>

Of the bank balances, \$854,570 and \$828,124 was covered by federal depository insurance and the remaining \$16,397,894 and \$14,817,684 was collateralized with the pledging financial institution as of March 31, 2015 and 2014.

<u>Depository Account</u>	<u>2015</u>	<u>2014</u>
Insured:		
FDIC	\$ 854,570	\$ 828,124
Collateralized:		
GUDPA	<u>16,397,894</u>	<u>14,817,684</u>
	<u>\$ 17,252,464</u>	<u>\$ 15,645,808</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of March 31, 2015 and 2014, the Authority's bank balances were not exposed to custodial credit risk.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following at March 31, 2015 and 2014;

<u>Account</u>	<u>2015</u>	<u>2014</u>
Accounts receivable - HUD	\$ 193,849	\$ 554,531
Accounts receivable - tenants	18,680	22,663
Accounts receivable - other government	73,257	150,452
Accounts receivable - miscellaneous	<u>125,986</u>	<u>54,523</u>
	<u>\$ 411,772</u>	<u>\$ 782,169</u>

Accounts receivable - HUD

Accounts receivable - HUD represents amounts due to the Authority for amounts expended under grant agreements that have not been reimbursed as of March 31, 2015 and 2014.

Accounts receivable - tenants

Accounts receivable - tenants represents amounts due for tenant rents. This number is composed of active tenant balances as well as amounts from fraud settlements. At March 31, 2015 and 2014, the balance is shown net of an allowance for doubtful accounts of \$190,689 and \$206,073, respectively.

Accounts receivable - other government

Accounts receivable - other government consists of amounts due from other housing authorities and governmental agencies for portable tenants or reimbursed grant expenditures. These amounts are considered fully collectible and as such, an allowance for doubtful accounts is not recorded.

Accounts receivable - misc

Accounts receivable - misc consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations which the Authority believes to be fully collectible, and as such has not recorded an allowance for doubtful accounts.

Accounts receivable - misc also consists of developer fees and replacement reserves from Roizman and Companies for the purchase of land for the Rosa Parks Development and for the Social Service building. The developer has not fulfilled their requirements and as of March 31, 2015 and 2014, the Authority has set up an allowance for doubtful accounts in the amount of \$139,842 and \$133,842, respectively.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 4. RESTRICTED CASH**

Restricted cash consists of the following as of March 31, 2015 and 2014:

<u>Cash Category</u>	<u>2015</u>	<u>2014</u>
Modernization and Development Funds	\$ 1,829,008	\$ 1,388,876
Family Self Sufficiency Deposits	9,381	22,819
Housing Assistance Payments Reserves	<u>1,248,816</u>	<u>1,924,685</u>
	<u>\$ 3,087,205</u>	<u>\$ 3,336,380</u>

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

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

Development Funds represent cash received from the sale of public housing property and reserves held for replacement of property. These funds are restricted for the modernization of public housing units and certain non-federal units.

**NOTE 5. CAPITAL ASSETS, NET**

Capital assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation.

The following summarizes changes in capital assets for the fiscal years ended March 31, 2015 and 2014:

Description	March 31, 2014	Additions	Dispositions	Transfers	March 31, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,534,097	\$ -	\$ -	\$ -	\$ 2,534,097
Construction in progress	<u>8,608,117</u>	<u>8,917,836</u>	<u>(10,663,050)</u>	<u>-</u>	<u>6,862,903</u>
Total	<u>11,142,214</u>	<u>8,917,836</u>	<u>(10,663,050)</u>	<u>-</u>	<u>9,397,000</u>
<u>Depreciable capital assets:</u>					
Buildings	81,900,635	71,417	(2,044,099)	-	79,927,953
Furniture and equipment	<u>4,673,090</u>	<u>134,782</u>	<u>-</u>	<u>-</u>	<u>4,807,872</u>
Total	<u>86,573,725</u>	<u>206,199</u>	<u>(2,044,099)</u>	<u>-</u>	<u>84,735,825</u>
Less: accumulated depreciation	<u>68,743,822</u>	<u>1,587,026</u>	<u>(2,044,099)</u>	<u>-</u>	<u>68,286,749</u>
Net capital assets	<u>\$ 28,972,117</u>	<u>\$ 7,537,009</u>	<u>\$ (10,663,050)</u>	<u>\$ -</u>	<u>\$ 25,846,076</u>

Dispositions of construction in progress represents costs incurred as part of the Alexander Hamilton III Associates, LLC mixed finance project that were converted to a mortgage note receivable.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 5. CAPITAL ASSETS, NET (continued)**

Description	March 31, 2013	Additions	Dispositions	Transfers	March 31, 2014
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,534,097	\$ -	\$ -	\$ -	\$ 2,534,097
Construction in progress	<u>4,884,871</u>	<u>5,117,087</u>	<u>-</u>	<u>(1,393,841)</u>	<u>8,608,117</u>
Total	<u>7,418,968</u>	<u>5,117,087</u>	<u>-</u>	<u>(1,393,841)</u>	<u>11,142,214</u>
<u>Depreciable capital assets:</u>					
Buildings	80,532,693	25,638	-	1,342,304	81,900,635
Furniture and equipment	<u>4,595,931</u>	<u>25,622</u>	<u>-</u>	<u>51,537</u>	<u>4,673,090</u>
Total	<u>85,128,624</u>	<u>51,260</u>	<u>-</u>	<u>1,393,841</u>	<u>86,573,725</u>
Less: accumulated depreciation	<u>67,094,177</u>	<u>1,649,645</u>	<u>-</u>	<u>-</u>	<u>68,743,822</u>
Net capital assets	<u>\$ 25,453,415</u>	<u>\$ 3,518,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,972,117</u>

Depreciation expense for the fiscal years ended March 31, 2015 and 2014, amounted to \$1,587,026 and \$1,649,645, respectively.

**NOTE 6. NOTES RECEIVABLE**

The Authority was awarded certain grants by the United States Department of Housing & Urban Development (HUD) for the revitalization of the public housing units. The Authority entered into several redevelopment and revitalization agreements with selected developers to provide affordable housing in accordance with HUD regulations. Under the program, the Authority leases land to a developer(s) under a long-term land lease and provides loans to the developer(s) for the purpose of constructing affordable housing units. Upon loan maturation, the developer has the option of returning the land and its structures to the Authority or returning the funds that were advanced to them.

The Authority had notes receivable (including accrued interest) related to redevelopment of public housing units at March 31, 2015 and 2014 in the amount of \$41,210,924 and \$28,802,142 and consisting of the following:

	<u>2015</u>	<u>2014</u>
The Authority issued a mortgage loan to Christopher Hope 99 Urban Renewal, LLC on October 17, 2000 to facilitate the construction of new buildings and building improvements in conjunction with the Christopher Columbus Hope VI Revitalization. The principal balance is \$5,912,303 with interest accruing at the rate of 9%. If the loan maintains a balance after the completion of construction, the interest rate will be reduced to 5.96% per annum until the time of repayment. The loan matures on October 17, 2040 and is secured by real property and any ensuing structures.	\$ 5,912,303	\$ 5,912,303

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 6. NOTES RECEIVABLE (continued)**

	<u>2015</u>	<u>2014</u>
<p>The Authority issued a mortgage loan to Paterson Hope '98 Urban Renewal Associates, LLC on June 2, 1999 to facilitate the construction of new buildings and building improvements in conjunction with the Christopher Columbus Hope VI Revitalization. The principal balance is \$4,136,645 with interest accruing at the rate of 9%. The loan matures on June 2, 2039. The loan is secured by real property and any ensuing structures.</p>	4,136,645	4,136,645
<p>The Authority issued a mortgage loan to Paterson Hope '98 Urban Renewal Associates, LLC on June 2, 1999 to facilitate the construction of new buildings and building improvements in conjunction with the Christopher Columbus Hope VI Revitalization. The principal balance is \$8,347,219 with interest accruing at the rate of 9%. The loan matures on June 2, 2039. The loan is secured by real property and any ensuing structures.</p>	8,347,219	8,347,219
<p>The Authority issued a mortgage loan to Paterson Hope '98 Urban Renewal Associates, LLC on October 17, 2000 to facilitate the construction of new buildings and building improvements in conjunction with the Christopher Columbus Hope VI Revitalization. The principal balance is \$3,285,495 with interest accruing at the rate of 9%. If the loan maintains a balance after the completion of construction, the interest rate will be reduced to 5% per annum until the time of repayment. The loan matures on October 17, 2040 and is secured by real property and any ensuing structures.</p>	3,285,495	3,285,495
<p>The Authority issued a mortgage loan to Belmont 2007 Urban Renewal Associates, L.P. with Replacement Housing Factor funds to facilitate the construction of new buildings and building improvements. The principal balance was \$4,735,000 and was a non-interest bearing loan. The loan matures upon the completion of construction on the property or April 29, 2050, whichever occurs first. The loan is secured by real property and any ensuing structures.</p>	4,735,000	4,735,000
<p>The Authority issued a loan on May 18, 2010 to Alexander Hamilton Associates, LLC in the amount of \$1,700,000 for Phase 1 of the development and revitalization of Alexander Hamilton, which shall include 80 units, 24 of which shall be operated as public housing. The loan bears no interest and matures in fifty (50) years from the date of the first advance of Loan funds by the Authority.</p>	1,700,000	1,700,000



**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 6. NOTES RECEIVABLE (continued)**

	<u>2015</u>	<u>2014</u>
The Authority issued a loan on January 6, 2011 to Alexander Hamilton Associates, LLC in the amount of \$400,000 for Phase II of the development and revitalization of Alexander Hamilton. The loan will bear no interest and matures in 2051.	400,000	400,000
The Authority issued a loan in November, 2014 to Alexander Hamilton Associates III, LLC in the amount of \$400,000 for Phase III of the development and revitalization of Alexander Hamilton. The loan will bear no interest and matures in 2054.	400,000	-
The Authority issued a second mortgage loan in February, 2013 with Alexander Hamilton Associates III, LLC in the original amount of \$12,190,286. The note is secured by a leasehold mortgage and security agreement. The loan is non-interest bearing and matures fifty-five (55) years from the date of the first advance of funds by the lender (December 28, 2067). As of March 31, 2015 and 2014, \$11,770,046 and \$0, respectively, has been drawn down on the loan.	11,770,046	-
The Authority issued a third mortgage loan in February, 2013 with Alexander Hamilton Associates III, LLC through the HOME Investment Partnership Program in the original amount of \$238,736. The note is secured by a leasehold mortgage and security agreement. The loan is non-interest bearing and matures on February 14, 2068.	238,736	-
The Authority issued a sixth mortgage loan to Belmont 2007 Urban Renewal Associates, L.P. in August, 2010 in the original principal amount of \$305,743. The note is non-interest bearing with the entire principal balance due at maturity in August, 2050. As of March 31, 2015 and 2014, \$285,480 has been drawn down on the loan.	<u>285,480</u>	<u>285,480</u>
Total notes receivable	<u>\$ 41,210,924</u>	<u>\$ 28,802,142</u>

While interest on these loans has accrued in the amount of \$31,264,801 and \$29,293,678, respectively as of March 31, 2015 and 2014, management has provided for an allowance for the entire balance as the interest is expected to be uncollectable upon the expiration of the notes.

For the years ended March 31, 2015 and 2014, interest income in the amount of \$1,971,123 has been earned but has been completely written off to bad debt expense and included in general expenses on the Statement of Revenue Expenses and Changes in Net Position.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 7. PENSION PLAN**

**A. Description of the Plan**

All required employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Statutes, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**B. Public Employees Retirement System**

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. Medical benefits are now provided by the State Health Benefits Program.

**C. Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. Members are always fully vested for their own contributions and, after three years of service credit, become vested for the related interest earned on their contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**D. Contribution Requirements**

The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. The full normal employee contribution rate became 5.5% of annual compensation, effective July 1, 2007 for most PERS state employees and effective July 1, 2008 for PERS local employees, based on Chapter 103, P.L. 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 7. PENSION PLAN (continued)**

**D. Contribution Requirements (continued)**

The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and non-contributory death benefits. Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers to contribute 50% of the normal and accrued liability contribution amounts certified by PERS for payment due in State fiscal year 2009. This law also provided that a local employer may pay 100% of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
March 31, 2015	\$ 458,981	100	\$ -
March 31, 2014	\$ 413,245	100	\$ -
March 31, 2013	\$ 398,252	100	\$ -

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS**

The Authority participates New Jersey State Health Benefits Program ("the SHBP"), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions" ("OPEB"). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

A retiree may also receive Authority-paid health benefits in accordance with labor agreements if they have twenty-five (25) or more years enrolled in the pension system.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS (continued)**

**Contribution Requirements – SHBP**

Contributions to pay for the health premiums of participating employees in the SHBP – Local are collected from the State of New Jersey, participating local employers, active members, and retired members. Local employer payments and active and retired member contributions are generally received on a monthly basis.

Local group employees are not affected by the premium sharing provisions of Chapter 8, P.L. 1996.

Chapter 2, P.L. 2010, effective May 21, 2010, requires a minimum contribution of 1.5% of base salary toward the cost of health care benefits coverage by all active public employees. Employees of the State, local governments, and boards of education who become a member of a State or locally-administered retirement system on or after the law’s effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP.

Chapter 78, P.L. 2011, effective June 28, 2011, established new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required. Under Chapter 78, certain future retirees eligible for employer-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. At March 31, 2015, the Authority had twenty-nine (29) retired participants in the system. The required contribution rate is determined on an annual pay as you go basis.

The following amounts were the required contributions to the SHBP for the past three years:

Year	Amount
March 31, 2015	\$ <u>253,196</u>
March 31, 2014	\$ <u>248,025</u>
March 31, 2013	\$ <u>227,635</u>

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 9. COMPENSATED ABSENCES**

Accrued compensated absences represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees accrue compensated absences according to the following schedule:

<u>Years of Service</u>	<u>Number of Days</u>
1-5	1 working day per month
6-10	1 1/4 working days per month
11-15	1 2/3 working days per month
16-20	2 1/12 working days per month
21 and over	2 1/2 working days per month

Employees are allowed to carry over thirty days into the subsequent year. Employees accrue sick days at the rate of 1 & 1/4 days per month. Upon termination, employees with ten or more years of service will be paid 50% of sick time to a maximum of \$15,000. Compensated absences activity for the years ended March 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Beginning compensated absences	\$ 1,213,907	\$ 1,236,318
Compensated absences earned	423,756	459,042
Compensated absences redeemed	<u>(416,477)</u>	<u>(481,453)</u>
Ending compensated absences	1,221,186	1,213,907
Less: current portion	<u>505,638</u>	<u>459,044</u>
Compensated absences, net of current portion	<u>\$ 715,548</u>	<u>\$ 754,863</u>

**NOTE 10. DUE TO HUD**

As a result of OIG audit report 2014-NY-1001, in September, 2014, the Authority and the OIG came to an agreement to reimburse HUD \$1,660,103. The repayment term is ten (10) years and interest free. Included in the Statements of Net Position as of March 31, 2015 and 2014 is \$1,622,890 and \$1,595,475 respectively, related to this matter.

Long term debt activity for the years ended March 31, 2015 and 2014 consisted of the following:

	<u>March 31,</u> <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31,</u> <u>2015</u>	<u>Due in</u> <u>One Year</u>
Due to HUD	<u>\$ 1,595,475</u>	<u>\$ 64,628</u>	<u>\$ 37,213</u>	<u>\$ 1,622,890</u>	<u>\$ 197,099</u>
	<u>March 31,</u> <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31,</u> <u>2014</u>	<u>Due in</u> <u>One Year</u>
Due to HUD	<u>\$ -</u>	<u>\$ 1,595,475</u>	<u>\$ -</u>	<u>\$ 1,595,475</u>	<u>\$ 37,213</u>

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 11. OTHER CURRENT AND NON-CURRENT LIABILITIES**

Other current and non-current liabilities for the years ended March 31, 2015 and 2014 consist of the following:

<u>Description</u>	<u>Balance at</u> <u>March 31,</u> <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>March 31,</u> <u>2015</u>	<u>Due within</u> <u>one year</u>
Accrued utilities	\$ 137,707	\$ 149,408	\$ (137,707)	\$ 149,408	\$ 149,408
Pension payable	745,782	475,247	(469,893)	751,136	751,136
Prepaid land leases	629,496	790,000	(47,875)	1,371,621	15,778
Other liabilities	<u>419,212</u>	<u>-</u>	<u>(20,873)</u>	<u>398,339</u>	<u>-</u>
Total	<u>\$ 1,932,197</u>	<u>\$ 1,414,655</u>	<u>\$ (676,348)</u>	<u>\$ 2,670,504</u>	<u>\$ 916,322</u>

<u>Description</u>	<u>Balance at</u> <u>March 31,</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>March 31,</u> <u>2014</u>	<u>Due within</u> <u>one year</u>
Accrued utilities	\$ 128,233	\$ 137,706	\$ (128,232)	\$ 137,707	\$ 137,707
Pension payable	885,451	498,767	(638,436)	745,782	509,679
Prepaid land leases	616,778	19,718	(7,000)	629,496	7,000
Other liabilities	<u>336,047</u>	<u>507,990</u>	<u>(424,825)</u>	<u>419,212</u>	<u>389,393</u>
Total	<u>\$ 1,966,509</u>	<u>\$ 1,164,181</u>	<u>\$ (1,198,493)</u>	<u>\$ 1,932,197</u>	<u>\$ 1,043,779</u>

As of March 31, 2015 and 2014, included in other liabilities was \$9,381 and \$22,819, respectively of amounts due to participants in the Family Self Sufficiency (FSS) Program.

**NOTE 12. LEASING ACTIVITIES**

The Authority is the lessor of dwelling units mainly to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as "Tenant Revenue". Tenant Revenue per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions which impact personal income and local job availability.

**NOTE 13. GROUND LEASE AGREEMENTS**

The Authority entered into several ground leases in furtherance of their redevelopment objectives. In accordance with generally accepted accounting principles the leases which have up-front lump sum payments and original expiration dates from ninety (90) to ninety-nine (99) years are classified as operating leases.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 13. GROUND LEASE AGREEMENTS (continued)**

The leases are summarized as follows:

AMP	Development	Settlement Date	Lease Term	Expiration Date	Lease Price
NJ021000014	Christopher Columbus	11/30/1999	99 years	11/29/2098	\$100,000
NJ021000003	Alexander Hamilton I	06/11/2008	90 years	06/10/2098	\$280,000
NJ021000003	Alexander Hamilton III	06/24/2010	90 years	06/23/2100	\$350,000
Other Project	Apollo Dye	08/05/2014	90 years	08/04/2104	\$440,000
NJ021000003	Alexander Hamilton II	06/30/2014	90 years	06/29/2104	\$350,000

**NOTE 14. PAYMENTS IN LIEU OF TAXES (PILOT)**

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 payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City. Under the Cooperation agreement, the Authority must pay the City the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2015 and 2014, PILOT expense totaled \$109,093 and \$111,905, respectively, and is included in general expenses on the Statements of Revenues, Expenses and Changes in Net Position and the "Net PILOT Due" amount is included in accounts payable on the Statements of Net Position. The detail of the calculation in the Low Rent Public Housing ("LRPH") program is as follows:

<u>2015</u>	Low Rent Public Housing Program	Sojourner Douglas	Totals
Tenant Rental Revenue	\$ 3,192,309	\$ 105,606	3,297,915
Tenant Revenue Other	95,117	7,620	102,737
Utilities Expense	<u>(2,256,431)</u>	<u>(53,300)</u>	<u>(2,309,731)</u>
Net Shelter Rent	1,030,995	59,926	1,090,921
PILOT percentage	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
PILOT expense as calculated	<u>\$ 103,100</u>	<u>\$ 5,993</u>	<u>\$ 109,093</u>
Total PILOT due for the year ended March 31, 2015	103,100	5,993	109,093
Less: Amount paid to the City during during the year ended March 31, 2015	<u>(100,941)</u>	<u>-</u>	<u>(100,941)</u>
Net PILOT due to the City as of March 31, 2015	<u>\$ 2,159</u>	<u>\$ 5,993</u>	<u>\$ 8,152</u>

**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 14. PAYMENTS IN LIEU OF TAXES (PILOT)**

<u>2014</u>	Low Rent Public Housing Program	Sojourner Douglas	<u>Totals</u>
Tenant Rental Revenue	\$ 3,299,648	\$ 117,555	3,417,203
Tenant Revenue Other	105,929	7,280	113,209
Utilities Expense	<u>(2,354,697)</u>	<u>(56,662)</u>	<u>(2,411,359)</u>
Net Shelter Rent	1,050,880	68,173	1,119,053
PILOT percentage	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
PILOT expense as calculated	<u>\$ 105,088</u>	<u>\$ 6,817</u>	<u>\$ 111,905</u>
Total PILOT due for the year ended March 31, 2015	105,088	6,817	111,905
Less: Amount paid to the City during the year ended March 31, 2014	<u>(87,627)</u>	<u>-</u>	<u>(87,627)</u>
Net PILOT due to the City as of March 31, 2015	<u>\$ 17,461</u>	<u>\$ 6,817</u>	<u>\$ 24,278</u>

As the land owner, the Authority is responsible for the PILOT on the Sojourner Douglass property and is subsequently reimbursed by the tenant for their allocated portion.

**NOTE 15. RESTRICTED NET POSITION**

Restricted net position consist of the following at March 31, 2015 and 2014:

<u>Description</u>	<u>2015</u>	<u>2014</u>
Mortgage loan reserves	\$ 41,210,924	\$ 28,802,142
Reserves for modernization and development	1,829,008	1,388,876
Housing assistance payments reserve (HAP equity)	<u>1,248,816</u>	<u>1,924,685</u>
	<u>\$ 44,288,748</u>	<u>\$ 32,115,703</u>

Upon the collection of mortgage loan reserves, amounts are restricted for the revitalization and rehabilitation of public housing units.

Reserves for modernization and development are restricted for use in the public housing program for modernization of existing public housing units and / or development of new public housing units.

Housing assistance payments reserve are restricted for use in the Housing Choice Voucher program for tenant rents.



**PATERSON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEARS ENDED MARCH 31, 2015 AND 2014**

**NOTE 16. RISK MANAGEMENT**

The Authority is exposed to various risks related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. Significant losses are covered by commercial insurance for all major programs, there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

**NOTE 17. ECONOMIC DEPENDENCY**

The Section 8 and the Low Rent Public Housing programs are economically dependent on annual grants from HUD.

**NOTE 18. CONTINGENCIES**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of March 31, 2015, the Authority estimates that no material liabilities will result from such audits other than what has been already accrued in the Statements of Net Position (see Note 10).

**NOTE 19. SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through November 10, 2015 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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

To the Board of Commissioners  
Paterson Housing Authority:

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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Paterson Housing Authority ("the Authority") as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Paterson Housing Authority's basic financial statements, and have issued our report thereon dated November 10, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as item 2015-1.

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.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Paterson Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2015-01.

**Purpose of this Report**

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

*Fallon & Larsen LLP*

November 10, 2015  
Toms River, New Jersey



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY OMB CIRCULAR 04-04**

To the Board of Commissioners  
Paterson Housing Authority:

**Report on Compliance for Each Major Federal Program**

We have audited the Paterson Housing Authority's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the State of New Jersey OMB Circular 04-04 that could have a direct and material effect on each of the Paterson Housing Authority's major federal programs for the year ended March 31, 2015. The Paterson Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance 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 each of the Paterson Housing Authority'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 and the State of New Jersey OMB Circular 04-04. Those standards, OMB Circular A-133 and New Jersey Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Paterson Housing Authority'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 Paterson Housing Authority's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)**

**Basis for Qualified Opinion**

As described in the accompanying schedule of findings and questioned costs in item 2015-01, the Paterson Housing Authority did not comply with the special tests and provisions compliance requirements of OMB Circular A-133 regarding annual inspections as required by the Housing Choice Voucher Program (CFDA #14.871). Compliance with such requirements is necessary, in our opinion, for the Paterson Housing Authority to comply with the requirements of that program.

**Qualified Opinion**

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraph, the Paterson Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Housing Choice Voucher program.

**Other Matters**

The Paterson Housing Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Paterson Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the Paterson Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Paterson Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Paterson Housing Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)**

**Report on Internal Control Over Compliance (continued)**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-01 to be a material weakness.

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.

The Paterson Housing Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Paterson Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Fallon & Larsen LLP*

November 10, 2015  
Toms River, New Jersey

**SUPPLEMENTAL INFORMATION**

**PATERSON HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED MARCH 31, 2015**

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period From / To		Grant Award	Fiscal Year Cash Receipts	Fiscal Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>								
Low Rent Public Housing:								
NJ021-00000114D	14.850	N/A	1/1/14	12/31/14	\$ 1,178,963	\$ 882,480	\$ 882,480	\$ 1,178,963
NJ021-00000115D	14.850	N/A	1/1/15	12/31/15	1,225,603	271,588	271,588	271,588
NJ021-00617814D	14.850	N/A	1/1/14	12/31/14	1,020,824	764,110	764,110	1,024,824
NJ021-00617815D	14.850	N/A	1/1/15	12/31/15	935,811	238,684	238,684	238,684
NJ021-06291014D	14.850	N/A	1/1/14	12/31/14	1,211,471	906,813	906,813	1,211,471
NJ021-06291015D	14.850	N/A	1/1/15	12/31/15	1,184,990	287,273	287,273	287,273
NJ021-00001214D	14.850	N/A	1/1/14	12/31/14	49,663	37,174	37,174	49,663
NJ021-00001215D	14.850	N/A	1/1/15	12/31/15	36,055	9,739	9,739	9,739
NJ021-00001414D	14.850	N/A	1/1/14	12/31/14	435,607	326,061	326,061	435,607
NJ021-00001415D	14.850	N/A	1/1/15	12/31/15	423,711	98,607	98,607	98,607
NJ021-00001814D	14.850	N/A	1/1/14	12/31/14	96,803	72,459	72,459	96,806
NJ021-00001815D	14.850	N/A	1/1/15	12/31/15	96,217	22,031	22,031	22,031
NJ021-00001914D	14.850	N/A	1/1/14	12/31/14	80,617	60,343	60,343	80,617
NJ021-00001915D	14.850	N/A	1/1/15	12/31/15	91,385	20,030	20,030	20,030
NJ021-00002115D	14.850	N/A	1/1/15	12/31/15	<u>103,437</u>	<u>25,812</u>	<u>25,812</u>	<u>25,812</u>
Grant subtotal					<u>8,171,157</u>	<u>4,023,204</u>	<u>4,023,204</u>	<u>5,051,715</u>
Section 8 Housing Choice Voucher Program:								
NJ021-2FPH-2015	14.871	N/A	4/1/14	3/31/15	<u>26,039,381</u>	<u>24,560,256</u>	<u>26,039,381</u>	<u>26,039,381</u>
Public Housing Capital Fund Program:								
NJ39P021501-10	14.872	N/A	7/1/10	6/30/14	2,775,332	1,179	1,179	2,775,332
NJ39P021501-11	14.872	N/A	8/3/11	8/2/15	2,262,254	292,206	94,305	2,262,254
NJ39P021501-12	14.872	N/A	3/12/12	3/11/16	1,512,031	418,421	377,648	1,512,031
NJ39P021501-13	14.872	N/A	9/9/13	9/8/17	1,381,414	559,891	537,798	669,251
NJ39P021501-14	14.872	N/A	5/13/14/	5/12/18	1,341,136	326,424	344,283	326,424
NJ39R021501-15	14.872	N/A	XXX	XXX	-	-	45,077	45,077
NJ39R021501-12	14.872	N/A	3/12/12	3/11/16	717,947	717,947	717,947	717,947
NJ39R021501-13	14.872	N/A	9/9/13	9/8/17	<u>664,057</u>	<u>389,051</u>	<u>389,051</u>	<u>389,050</u>
Grant subtotal					<u>10,654,171</u>	<u>2,705,119</u>	<u>2,507,288</u>	<u>8,697,366</u>
Shelter Plus Care Program:								
NJ0268L2F111304	14.238	N/A	6/1/14	5/31/15	128,464	68,871	68,871	68,871
NJ0268L2F111203	14.238	N/A	6/1/13	5/31/14	87,469	87,469	23,355	87,469
NJ0267L2F111304	14.238	N/A	7/1/14	6/30/15	123,957	35,669	35,669	35,669
NJ0267L2F111203	14.238	N/A	7/1/13	6/30/14	<u>71,382</u>	<u>71,382</u>	<u>30,189</u>	<u>71,382</u>
Grant subtotal					<u>411,272</u>	<u>263,391</u>	<u>158,084</u>	<u>263,391</u>



**PATERSON HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**YEAR ENDED MARCH 31, 2015**

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period From / To		Grant Award	Fiscal Year Cash Receipts	Fiscal Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>								
Housing Counseling and Assistance Program HC140321048	14.169	N/A	10/1/13	X/X/X	<u>15,627</u>	<u>15,627</u>	<u>15,627</u>	<u>15,627</u>
Resident Opportunity and Supportive Services NJ021RP3038A010	14.870	N/A	6/23/11	12/23/14	<u>425,491</u>	<u>100,101</u>	<u>96,663</u>	<u>425,491</u>
Section 8 Moderate Rehabilitation Single Room Occupancy: Unknown	14.249	N/A	4/1/14	3/31/15	<u>87,031</u>	<u>87,031</u>	<u>87,031</u>	<u>87,031</u>
PIH Family Self Sufficiency Grant NJ021FSH434AO14	14.896	N/A	X/X/X	X/X/X	<u>-</u>	<u>12,368</u>	<u>14,232</u>	<u>14,232</u>
Hope VI - Urban Revitalization Program: NJ39URD0211110	14.866	N/A	6/14/11	9/30/16	<u>18,400,000</u>	<u>8,745,006</u>	<u>8,587,408</u>	<u>13,971,929</u>
Passed through the City of Paterson - Department of Human Services: Community Development Block Grant	14.218	N/A	4/1/14	3/1/15	<u>700,131</u>	<u>700,131</u>	<u>700,131</u>	<u>700,131</u>
					<u>\$ 64,904,261</u>	<u>\$ 41,212,234</u>	<u>\$ 42,229,049</u>	<u>\$ 55,266,294</u>

**PATERSON HOUSING AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MARCH 31, 2015**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Paterson Housing Authority under programs of the federal government for the year ended March 31, 2015. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the Paterson Housing Authority, it is not intended to and does not present the financial position, changes in net assets or cash flows of Paterson Housing Authority. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribes, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**NOTE 3. PASS THROUGH AWARDS**

Of the federal expenditures presented in the schedule, the Authority was a subrecipient of the following federal awards that passed-through the Department of Human Services from the City of Paterson:

Federal and State Grantor/Program Title	Federal CFDA Number	Grant Expenditures
Community Development Block Grant	14.218	\$ 700,131

**NOTE 4. NON-CASH FEDERAL ASSISTANCE**

The Authority did not receive any non-cash Federal assistance for the year ended March 31, 2015.

**PATERSON HOUSING AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED MARCH 31, 2015**

**NOTE 5. SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES**

The total amount of Capital Fund Program Costs and Advances incurred and earned by the Paterson Housing Authority as of and for the year ended March 31, 2015 are provided herein:

- 1) Capital Fund Grant No. NJ39R02150210 with an approved funding of \$735,207 has been fully drawn down and expended as per Capital Fund Grant Regulations.
- 2) Capital Fund Grant No. NJ39R02150211 with an approved funding of \$812,402 has been fully drawn down and expended as per Capital Fund Grant Regulations.

	<u>P501-10</u>	<u>P501-11</u>	<u>P501-12</u>	<u>P501-13</u>	<u>P501-14</u>	<u>P501-15</u>	<u>Totals</u>
Budget	\$ <u>2,775,332</u>	\$ <u>2,262,254</u>	\$ <u>1,512,031</u>	\$ <u>1,381,414</u>	\$ <u>1,341,136</u>	\$ <u>-</u>	\$ <u>9,272,167</u>
<u>Advances:</u>							
Cumulative through 3/31/14	\$ 2,774,153	\$ 1,772,148	\$ 1,052,837	\$ 109,359	\$ 109,359	\$ -	\$ 5,817,856
Current Year	<u>1,179</u>	<u>490,106</u>	<u>459,194</u>	<u>582,610</u>	<u>349,143</u>	<u>-</u>	<u>1,882,232</u>
Cumulative through 3/31/15	<u>2,775,332</u>	<u>2,262,254</u>	<u>1,512,031</u>	<u>691,969</u>	<u>458,502</u>	<u>-</u>	<u>7,700,088</u>
<u>Costs:</u>							
Cumulative through 3/31/14	2,774,153	1,970,048	1,093,610	132,078	132,078	-	6,101,967
Current Year	<u>1,179</u>	<u>292,206</u>	<u>418,421</u>	<u>560,516</u>	<u>344,283</u>	<u>45,077</u>	<u>1,661,682</u>
Cumulative through 3/31/15	<u>2,775,332</u>	<u>2,262,254</u>	<u>1,512,031</u>	<u>692,594</u>	<u>476,361</u>	<u>45,077</u>	<u>7,763,649</u>
Excess / (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (625)</u>	<u>\$ (17,859)</u>	<u>\$ (45,077)</u>	<u>\$ (63,561)</u>

**PATERSON HOUSING AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MARCH 31, 2015**

**NOTE 6. SCHEDULE OF HOPE VI COSTS AND ADVANCES**

	<u>HOPE VI NJ9URD02111-10</u>
Budget	\$ <u>18,400,000</u>
<u>Advances:</u>	
Cumulative through 3/31/14	\$ 5,402,963
Current Year	<u>8,571,185</u>
Cumulative through 3/31/15	<u>13,974,148</u>
<u>Costs:</u>	
Cumulative through 3/31/14	5,402,963
Current Year	<u>8,587,408</u>
Cumulative through 3/31/15	<u>13,990,371</u>
Excess / (Deficiency)	\$ <u>(16,223)</u>

**PATERSON HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MARCH 31, 2015**

I. Summary of Auditor's Results

Financial Statement Section

- |    |   |            |
|----|---|------------|
| 1. | Type of auditor's report issued:  | Unmodified |
| 2. | Internal control over financial reporting   |            |
|    | a. Material Weakness(es) identified?  | Yes        |
|    | b. Were significant deficiencies identified not considered to be material weaknesses? | No         |
| 3. | Noncompliance material to the financial statements?                                   | Yes        |

Federal Awards Section

- |    |  |            |
|----|--|------------|
| 1. | Dollar threshold used to distinguish between Type A Programs and Type B Programs:  | \$ 300,000 |
| 2. | Auditee qualified as low-risk Auditee?   | No         |
| 3. | Type of auditor's report on compliance for major programs:   | Qualified  |
| 4. | Internal Control over compliance:  |            |
|    | a. Material weakness(es) identified?   | Yes        |
|    | b. Were significant deficiencies not considered to be material weaknesses?   | No         |
|    | c. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) | Yes        |
| 5. | Identification of major programs:  |            |

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

**PATERSON HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MARCH 31, 2015**

II. Financial Statement Findings

None.

III. Federal Award Findings and Questioned Costs

**Reference 2015-01:**

Criteria: Entities receiving Federal Funds under OMB Section A-133 are required to comply with certain conditions of the grant agreement and are required to have in place an internal control system that reasonably assures compliance with the requirement of Federal Awards such as Section 8 Housing Choice Vouchers.

Context: During inspection of the Section 8 Housing Choice Voucher program tenant files, we noted that 2 out of 27 files tested did not include annual inspection forms. Also, after our review of failed inspections, 37 out of 40 units tested did not pass re-inspection within 30 days. The Authority administered approximately 2,200 vouchers for the year ended March 31, 2015.

Questioned Costs: Unknown

Condition: The Housing Authority is not in compliance with the Housing Choice Voucher Program regulations.

Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with 2 CFR, Part 200.

Authority Response: We agree with the Auditor's findings and will increase oversight in the Housing Choice Voucher Program to ensure that established internal control policies are being followed on a timely basis.

IV. Schedule of Prior Year Audit Findings

**Reference 2014-01:**

Observation: During inspection of the Section 8 Housing Choice Voucher program tenant files, we noted that 12 out of 35 files tested did not include original applications, 5 out of 35 files tested did not include a signed lease, and 4 out of 35 files tested did not include annual inspection forms. Also, after our review of failed inspections, 17 out of 20 units tested did not pass re-inspection within 30 days. The Authority administered approximately 2,048 vouchers for the year ended March 31, 2014.

Status: The finding remains open. See 2015-01 above.

Paterson Housing Authority									
NJ021									
Financial Data Schedule (FDS)									
March 31, 2015									
Line Item #	Account Description	PROJECTS	14.169 Housing Counseling Assistance Program	14.218 Community Development Block Grant	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occ.	14.866 Revitalization Of Severely Distressed Public Housing	
	<b>ASSETS:</b>								
	<b>CURRENT ASSETS:</b>								
	Cash:								
111	Cash - unrestricted	\$ 7,111,143				\$ 3,578,968	\$ 14,130		
112	Cash - restricted - modernization and development								
113	Cash - other restricted	1,774,833				1,258,197			
114	Cash - tenant security deposits	231,555							
115	Cash - restricted for payment of current liabilities								
100	Total cash	9,117,531	-	-	-	4,837,165	14,130	-	
	Accounts and notes receivables:								
121	Accounts receivable - PHA projects					66,267			
122	Accounts receivable - HUD other projects	63,561	15,627				87,031	16,223	
124	Accounts receivable - other government	6,906				84			
125	Accounts receivable - miscellaneous	231,526							
126	Accounts receivable- tenants	42,976							
126.1	Allowance for doubtful accounts - tenants	(26,404)							
126.2	Allowance for doubtful accounts - other	(139,842)							
127	Notes and mortgages receivable- current								
128	Fraud recovery	94,825				64,311			
128.1	Allowance for doubtful accounts - fraud	(94,825)				(64,311)			
129	Accrued interest receivable								
120	Total receivables, net of allowances for doubtful accounts	178,723	15,627	-	-	66,351	87,031	16,223	
	Current investments								
131	Investments - unrestricted								
132	Investments - restricted								
135	Investments - restricted for payment of current liability								
142	Prepaid expenses and other assets	1,712				124			
143	Inventories	33,100							
143.1	Allowance for obsolete inventories	(33,100)							
144	Interprogram - due from								
145	Assets held for sale								
150	TOTAL CURRENT ASSETS	9,297,966	15,627	-	-	4,903,640	101,161	16,223	
	<b>NONCURRENT ASSETS:</b>								
	Fixed assets:								
161	Land	2,337,000							
162	Buildings	74,840,494				2,025			
163	Furniture, equipment & machinery - dwellings	2,042,486				30,329			
164	Furniture, equipment & machinery - administration	1,025,333				93,048			
165	Leasehold improvements								
166	Accumulated depreciation	(63,539,828)				(94,029)			
167	Construction in Progress	4,915,757						1,947,146	
168	Infrastructure								
160	Total fixed assets, net of accumulated depreciation	21,621,242	-	-	-	31,373	-	1,947,146	
	Other non-current assets:								
171	Notes and mortgages receivable - non-current	41,210,924							
172	Notes and mortgages receivable-non-current - past due								
174	Other assets								
175	Undistributed debits								
176	Investment in joint ventures	1,068,334							
180	TOTAL NONCURRENT ASSETS	63,900,500	-	-	-	31,373	-	1,947,146	
190	<b>TOTAL ASSETS</b>	\$ 73,198,466	\$ 15,627	\$ -	\$ -	\$ 4,935,013	\$ 101,161	\$ 1,963,369	

Paterson Housing Authority									
NJ021									
Financial Data Schedule (FDS)									
March 31, 2015									
Line Item #	Account Description	PROJECTS	14.169 Housing Counseling Assistance Program	14.218 Community Development Block Grant	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occ.	14.866 Revitalization Of Severely Distressed Public Housing	
<b>LIABILITIES AND EQUITY:</b>									
<b>Liabilities:</b>									
<b>Current Liabilities:</b>									
311	Bank overdraft								
312	Accounts payable ≤ 90 days	117,414				19,131			5,165
313	Accounts payable > 90 days past due	11,678				794,050			
321	Accrued wage/payroll taxes payable	60,421				18,784			9,654
322	Accrued compensated absences - current portion	214,084				61,620			
324	Accrued contingency liability								
325	Accrued interest payable								
331	Accounts payable - HUD PHA programs	4,301				-	14,130		
332	Accounts payable - PHA projects								
333	Accounts payable - other government	9,065				383,662			
341	Tenant security deposits	231,475							
342	Deferred revenue								
343	Current portion of L-T debt - capital projects								
344	Current portion of L-T debt - operating borrowings					197,099			
345	Other current liabilities	497,374							
346	Accrued liabilities - other	118,081				17,193			
347	Interprogram - due to	62,936	15,627			70,336	87,031		1,404
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>1,326,829</b>	<b>15,627</b>	<b>-</b>	<b>-</b>	<b>1,561,875</b>	<b>101,161</b>		<b>16,223</b>
<b>NONCURRENT LIABILITIES:</b>									
351	Long-term debt, net of current - capital projects								
352	Long-term debt, net of current - operating borrowings					1,425,791			
353	Non-current liabilities- other	1,638,555				103,127			
354	Accrued compensated absences - noncurrent	131,684				5,422			
355	Loan Liability - Non Current								
356	FASB 5 Liabilities								
357	Accrued pension and OPEB liabilities								
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,770,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,534,340</b>	<b>-</b>	<b>-</b>	<b>-</b>
300	<b>TOTAL LIABILITIES</b>	<b>3,097,068</b>	<b>15,627</b>	<b>-</b>	<b>-</b>	<b>3,096,215</b>	<b>101,161</b>		<b>16,223</b>
<b>EQUITY:</b>									
508.1	Invested in Capital Assets, Net of Related Debt	21,621,242				31,373			1,947,146
511.1	Restricted Net Assets	42,985,757				1,248,816			
512.1	Unrestricted Net Assets	5,494,399				558,609			
513	<b>TOTAL EQUITY</b>	<b>70,101,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,838,798</b>	<b>-</b>	<b>-</b>	<b>1,947,146</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 73,198,466</b>	<b>\$ 15,627</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,935,013</b>	<b>\$ 101,161</b>	<b>\$ -</b>	<b>\$ 1,963,369</b>
	<b>Proof of concept</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Paterson Housing Authority										
NJ021										
Financial Data Schedule (FDS)										
March 31, 2015										
Line Item #	Account Description	14.238 Shelter Plus Care	State and Local	COCC	Component Units - Blended	1 Business Activity	14.896 PIH Family Self-Sufficient Program	ELIM	TOTAL	
<b>ASSETS:</b>										
CURRENT ASSETS:										
Cash:										
111	Cash - unrestricted		\$ 50,233	\$ 1,450,017	\$ 13,388	\$ -	\$ -	\$ -	\$ 12,217,879	
112	Cash - restricted - modernization and development								-	
113	Cash - other restricted				54,175				3,087,205	
114	Cash - tenant security deposits				9,499				241,054	
115	Cash - restricted for payment of current liabilities								-	
100	Total cash	-	50,233	1,450,017	77,062	-	-	-	15,546,138	
Accounts and notes receivables:										
121	Accounts receivable - PHA projects								-	66,267
122	Accounts receivable - HUD other projects	9,543					1,864		-	193,849
124	Accounts receivable - other government	-							-	6,990
125	Accounts receivable - miscellaneous			34,302					-	265,828
126	Accounts receivable- tenants				7,257				-	50,233
126.1	Allowance for doubtful accounts - tenants				(5,149)				-	(31,553)
126.2	Allowance for doubtful accounts - other								-	(139,842)
127	Notes and mortgages receivable- current								-	-
128	Fraud recovery								-	159,136
128.1	Allowance for doubtful accounts - fraud								-	(159,136)
129	Accrued interest receivable								-	-
120	Total receivables, net of allowances for doubtful accounts	9,543	-	34,302	2,108	-	1,864	-	-	411,772
Current investments										
131	Investments - unrestricted								-	-
132	Investments - restricted								-	-
135	Investments - restricted for payment of current liability								-	-
142	Prepaid expenses and other assets			1,210	4,318				-	7,364
143	Inventories								-	33,100
143.1	Allowance for obsolete inventories								-	(33,100)
144	Interprogram - due from			241,398				(241,398)	-	-
145	Assets held for sale								-	-
150	TOTAL CURRENT ASSETS	9,543	50,233	1,726,927	83,488	-	1,864	(241,398)	-	15,965,274
NONCURRENT ASSETS:										
Fixed assets:										
161	Land			55,800	141,297				-	2,534,097
162	Buildings			2,508,948	2,576,486				-	79,927,953
163	Furniture, equipment & machinery - dwellings			522	70,564				-	2,143,901
164	Furniture, equipment & machinery - administration			1,545,591					-	2,663,972
165	Leasehold improvements								-	-
166	Accumulated depreciation			(2,877,618)	(1,775,275)				-	(68,286,750)
167	Construction in Progress								-	6,862,903
168	Infrastructure								-	-
160	Total fixed assets, net of accumulated depreciation	-	-	1,233,243	1,013,072	-	-	-	-	25,846,076
Other non-current assets:										
171	Notes and mortgages receivable - non-current								-	41,210,924
172	Notes and mortgages receivable-non-current - past due								-	-
174	Other assets								-	-
175	Undistributed debits								-	-
176	Investment in joint ventures							(1,068,334)	-	-
180	TOTAL NONCURRENT ASSETS	-	-	1,233,243	1,013,072	-	-	(1,068,334)	-	67,057,000
190	TOTAL ASSETS	\$ 9,543	\$ 50,233	\$ 2,960,170	\$ 1,096,560	\$ -	\$ 1,864	\$ (1,309,732)	\$	83,022,274

Paterson Housing Authority									
NJ021									
Financial Data Schedule (FDS)									
March 31, 2015									
Line Item #	Account Description	14.238 Shelter Plus Care	State and Local	COCC	Component Units - Blended	1 Business Activity	14.896 PIH Family Self-Sufficient Program	ELIM	TOTAL
<b>LIABILITIES AND EQUITY:</b>									
<b>Liabilities:</b>									
<b>Current Liabilities:</b>									
311	Bank overdraft								\$ -
312	Accounts payable ≤ 90 days	5,504	200	12,982	1,169	-	-		161,565
313	Accounts payable > 90 days past due								805,728
321	Accrued wage/payroll taxes payable		3,516	55,076			1,864		149,315
322	Accrued compensated absences - current portion			229,934					505,638
324	Accrued contingency liability								-
325	Accrued interest payable								-
331	Accounts payable - HUD PHA programs								18,431
332	Accounts payable - PHA projects				85,414	-	-		85,414
333	Accounts payable - other government				5,993	-	-		398,720
341	Tenant security deposits				9,499	-	-		240,974
342	Deferred revenue								-
343	Current portion of L-T debt - capital projects								-
344	Current portion of L-T debt - operating borrowings								197,099
345	Other current liabilities								497,374
346	Accrued liabilities - other			276,980	6,694	-	-		418,948
347	Interprogram - due to	4,039	25					(241,398)	-
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>9,543</b>	<b>3,741</b>	<b>574,972</b>	<b>108,769</b>	<b>-</b>	<b>1,864</b>	<b>(241,398)</b>	<b>3,479,206</b>
<b>NONCURRENT LIABILITIES:</b>									
351	Long-term debt, net of current - capital projects								-
352	Long-term debt, net of current - operating borrowings								1,425,791
353	Non-current liabilities- other			12,500					1,754,182
354	Accrued compensated absences - noncurrent			578,442					715,548
355	Loan Liability - Non Current								-
356	FASB 5 Liabilities								-
357	Accrued pension and OPEB liabilities								-
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>590,942</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,895,521</b>
300	<b>TOTAL LIABILITIES</b>	<b>9,543</b>	<b>3,741</b>	<b>1,165,914</b>	<b>108,769</b>	<b>-</b>	<b>1,864</b>	<b>(241,398)</b>	<b>7,374,727</b>
<b>EQUITY:</b>									
508.1	Invested in Capital Assets, Net of Related Debt			1,233,243	1,013,072	-	-		25,846,076
511.1	Restricted Net Assets				54,175	-	-		44,288,748
512.1	Unrestricted Net Assets		46,492	561,013	(79,456)	-	-	(1,068,334)	5,512,723
513	<b>TOTAL EQUITY</b>	<b>-</b>	<b>46,492</b>	<b>1,794,256</b>	<b>987,791</b>	<b>-</b>	<b>-</b>	<b>(1,068,334)</b>	<b>75,647,547</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 9,543</b>	<b>\$ 50,233</b>	<b>\$ 2,960,170</b>	<b>\$ 1,096,560</b>	<b>\$ -</b>	<b>\$ 1,864</b>	<b>\$ (1,309,732)</b>	<b>\$ 83,022,274</b>
<b>Proof of concept</b>									
		-	-	-	-	-	-	-	-

<b>Paterson Housing Authority</b>									
<b>NJ021</b>									
Financial Data Schedule (FDS)									
March 31, 2015									
Line Item #	Account Description	OPERATING	CAPITAL	14.169 Housing Counseling Assistance Program	14.218 Community Development Block Grant	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occ.	14.866 Revitalization Of Severely Distressed Public Housing
	<b>REVENUE:</b>								
70300	Net tenant rental revenue	\$ 3,192,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	95,117	-	-	-	-	-	-	-
70500	Total tenant revenue	3,287,426	-	-	-	-	-	-	-
70600	HUD PHA grants	4,023,204	636,616	15,627	461,395	96,663	24,560,256	87,031	433,246
70610	Capital grants		1,870,672		238,736				8,154,162
70710	Management fee		-						-
70720	Asset management fee								-
70730	Book keeping fee								-
70750	Other fees								-
70800	Other government grants								-
71100	Investment income - unrestricted	2,716							-
71200	Mortgage interest income	1,971,123							-
71300	Proceeds from disposition of assets held for sale								-
71301	Cost of sale of assets								-
71400	Fraud recovery						13,694		-
71500	Other revenue	408,884					1,473,946		-
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-
70000	<b>TOTAL REVENUE</b>	<b>9,693,353</b>	<b>2,507,288</b>	<b>15,627</b>	<b>700,131</b>	<b>96,663</b>	<b>26,047,896</b>	<b>87,031</b>	<b>8,587,408</b>
	<b>EXPENSES:</b>								
	Administrative								
91100	Administrative salaries	223,703					98,693		136,152
91200	Auditing fees	12,088					17,193		
91300	Outside management fees	724,322	257,375	858	30,185	3,495	411,926		
91310	Book-keeping fee	80,708					197,775		
91400	Advertising and marketing	11,732					3,711		2,391
91500	Employee benefit contributions- administrative	114,406					112,212		49,194
91600	Office expenses	101,458				10,786	78,028		6,587
91700	Legal expenses	84,417					63,270		78,641
91800	Travel	4,646					4,647		1,321
91810	Allocated overhead	-							-
91900	Other	8,531				2,298	41,311		7,007
92000	Asset Management Fee	115,680							
	Tenant services								
92100	Tenant services - salaries	87,441		10,570		51,836	318,593		94,601
92200	Relocation costs	-							
92300	Employee benefit contributions- tenant services	38,551		4,199		28,329	162,839		38,582
92400	Tenant services - other	124,113					27,928		18,741
	Utilities								
93100	Water	147,328							
93200	Electricity	898,018							
93300	Gas	596,995							
93400	Fuel	-							
93500	Labor	321,193							
93600	Sewer	122,112							
93700	Employee benefit contributions- utilities	222,468							
93800	Other utilities expense								

<b>Paterson Housing Authority</b>									
<b>NJ021</b>									
Financial Data Schedule (FDS)									
March 31, 2015									
Line Item #	Account Description	OPERATING	CAPITAL	14.169 Housing Counseling Assistance Program	14.218 Community Development Block Grant	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occ.	14.866 Revitalization Of Severely Distressed Public Housing
	Ordinary maintenance & operation								
94100	Ordinary maintenance and operations - labor	732,192							
94200	Ordinary maintenance and operations - materials & other	211,634					1,998		
94300	Ordinary maintenance and operations - contract costs	761,683					190,933		
94500	Employee benefit contributions- ordinary maintenance	648,885					18		30
	Protective services								
95100	Protective services - labor								
95200	Protective services- other contract costs	212,609							
95300	Protective services - other								
95500	Employee benefit contributions- protective services								
	General expenses								
96110	Property Insurance	61,255							
96120	Liability Insurance	52,447					16,135		
96130	Workmen's Compensation	73,132					20,072		
96140	All Other Insurance	11,629					2,253		
96200	Other General Expenses	760,820			-		118,236		
96210	Compensated Absences	14,335					16,327		
96300	Payments in lieu of taxes	103,100							
96400	Bad debt - tenant rents	89,365							
96500	Bad debt- mortgages	1,971,123							
96600	Bad debt - other	6,719					11,710		
96700	Interest expense								
96710	Amortization of bond issue costs								
96800	Severance expense								
96900	<b>TOTAL OPERATING EXPENSES</b>	9,750,838	257,375	15,627	30,185	96,744	1,915,808	-	433,247
97000	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	(57,485)	2,249,913	-	431,210	(81)	24,132,088	87,031	8,154,161
97100	Extraordinary maintenance	51,576							
97200	Casualty losses - non capitalized	-							
97300	Housing assistance payments	-			431,210		23,888,509	87,031	
97350	HAP Portability - in	-					589,294		
97400	Depreciation expense	1,397,043					15,952		
97500	Fraud losses	-							
97800	Dwelling units rent expense	-							
90000	<b>TOTAL EXPENSES</b>	11,199,457	257,375	15,627	461,395	96,744	26,409,563	87,031	433,247

<b>Paterson Housing Authority</b>										
<b>NJ021</b>										
Financial Data Schedule (FDS)										
March 31, 2015										
Line Item #	Account Description	OPERATING	CAPITAL	14.169 Housing Counseling Assistance Program	14.218 Community Development Block Grant	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occ.	14.866 Revitalization Of Severely Distressed Public Housing	
<b>OTHER FINANCING SOURCES (USES)</b>										
10010	Operating transfers in	379,241	-	-	-	-	-	-	-	-
10020	Operating transfers out	-	(379,241)	-	-	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	(64,629)	-	-	-
10091	Inter Project excess cash transfer in	-	-	-	-	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-	-	-	-	-
10093	Transfers between program and project in	-	-	-	-	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-	-	-	-	-
10100	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	379,241	(379,241)	-	-	-	(64,629)	-	-	-
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(1,126,863)	1,870,672	-	238,736	(81)	(426,296)	-	8,154,161	
<b>MEMO ACCOUNT INFORMATION:</b>										
11020	Required annual debt principal payments	-	-	-	-	-	-	-	-	-
11030	Beginning equity	58,051,857	-	-	-	81	4,068,243	-	4,309,981	
11040	Prior period adjustments and equity transfers	11,305,732	-	-	(238,736)	-	(1,803,149)	-	(10,516,996)	
11170	Administrative fee equity	-	-	-	-	-	589,982	-	-	
11180	Housing assistance payments equity	-	-	-	-	-	1,248,816	-	-	
		-	-	-	-	-	1,838,798	-	-	
11190	Unit months available	14,315	-	-	391	-	29,658	150	-	
11210	Number of unit months leased	13,472	-	-	391	-	26,346	120	-	
Equity Roll Forward Test:										
	Calculation from R/E Statement	\$ 70,101,398	\$ -	\$ -	\$ -	\$ -	\$ 1,838,798	\$ -	\$ 1,947,146	
	B/S Line 513	\$ 70,101,398	\$ -	\$ -	\$ -	\$ -	\$ 1,838,798	\$ -	\$ 1,947,146	
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Paterson Housing Authority									
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Financial Data Schedule (FDS)									
March 31, 2015									
Line Item #	Account Description	14.238 Shelter Plus Care	State and Local	COCC	Component Units - Blended	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	ELIM	TOTAL
<b>REVENUE:</b>									
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 152,519			\$ (46,913)	\$ 3,297,915
70400	Tenant revenue - other	-	-	-	7,620			-	102,737
70500	Total tenant revenue	-	-	-	160,139			(46,913)	3,400,652
70600	HUD PHA grants	158,084	-	-	-		14,232	-	30,486,354
70610	Capital grants	-	-	-	-			-	10,263,570
70710	Management fee	-	-	1,474,634	-			(1,474,634)	-
70720	Asset management fee	-	-	118,080	-			(118,080)	-
70730	Book keeping fee	-	-	280,013	-			(280,013)	-
70750	Other fees	-	-	-	-			-	-
70800	Other government grants	-	22,154	-	-	400,000			422,154
71100	Investment income - unrestricted	-	-	504	-				3,220
71200	Mortgage interest income	-	-	-	-				1,971,123
71300	Proceeds from disposition of assets held for sale	-	-	-	-				-
71301	Cost of sale of assets	-	-	-	-				-
71400	Fraud recovery	-	-	-	-				13,694
71500	Other revenue	-	869	153,098	707				2,037,504
71600	Gain or loss on sale of fixed assets	-	-	-	-				-
72000	Investment income - restricted	-	-	-	-				-
70000	<b>TOTAL REVENUE</b>	158,084	23,023	2,026,329	160,846	400,000	14,232	(1,919,640)	48,598,271
<b>EXPENSES:</b>									
Administrative									
91100	Administrative salaries			1,210,584					1,669,132
91200	Auditing fees			4,153	1,646				35,080
91300	Outside management fees	21,121	11,621		13,731			(1,474,634)	-
91310	Book-keeping fee				1,530			(280,013)	-
91400	Advertising and marketing		100	2,212	20				20,166
91500	Employee benefit contributions- administrative			584,395					860,207
91600	Office expenses		1,048	92,853					290,760
91700	Legal expenses			2,400	534				229,262
91800	Travel		163	23,574					34,351
91810	Allocated overhead								-
91900	Other		2,301	24,000	28				85,476
92000	Asset Management Fee				2,400			(118,080)	-
Tenant services									
92100	Tenant services - salaries		58,210				9,851		631,102
92200	Relocation costs								-
92300	Employee benefit contributions- tenant services		20,958				4,381		297,839
92400	Tenant services - other			12,000					182,782
Utilities									
93100	Water			2,228	7,197				156,753
93200	Electricity			44,395	29,220				971,633
93300	Gas			2,833	10,239				610,067
93400	Fuel								-
93500	Labor								321,193
93600	Sewer			212	6,644				128,968
93700	Employee benefit contributions- utilities								222,468
93800	Other utilities expense								-

<b>Paterson Housing Authority</b>									
<b>NJ021</b>									
Financial Data Schedule (FDS)									
March 31, 2015									
Line Item #	Account Description	14.238 Shelter Plus Care	State and Local	COCC	Component Units - Blended	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	ELIM	TOTAL
	Ordinary maintenance & operation								
94100	Ordinary maintenance and operations - labor			-	2,263				734,455
94200	Ordinary maintenance and operations - materials & other			25,551	12,306				251,489
94300	Ordinary maintenance and operations - contract costs			65,236	11,735				1,029,587
94500	Employee benefit contributions- ordinary maintenance			718	1,177				650,828
	Protective services								-
95100	Protective services - labor								-
95200	Protective services- other contract costs			-					212,609
95300	Protective services - other								-
95500	Employee benefit contributions- protective services								-
	General expenses								
96110	Property Insurance			2,977	7,703				71,935
96120	Liability Insurance			282	3,942				72,806
96130	Workmen's Compensation			56,356					149,560
96140	All Other Insurance			3,524	4,516				21,922
96200	Other General Expenses			8,414	395			(46,913)	840,952
96210	Compensated Absences			25,552					56,214
96300	Payments in lieu of taxes			-	5,993				109,093
96400	Bad debt - tenant rents			-	882				90,247
96500	Bad debt- mortgages			-					1,971,123
96600	Bad debt - other			-					18,429
96700	Interest expense								-
96710	Amortization of bond issue costs								-
96800	Severance expense								-
96900	<b>TOTAL OPERATING EXPENSES</b>	21,121	94,401	2,194,449	124,101		14,232	(1,919,640)	13,028,488
97000	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	136,963	(71,378)	(168,120)	36,745	400,000		-	35,569,783
97100	Extraordinary maintenance								51,576
97200	Casualty losses - non capitalized								-
97300	Housing assistance payments	136,963							24,543,713
97350	HAP Portability - in								589,294
97400	Depreciation expense			76,156	97,875				1,587,026
97500	Fraud losses								-
97800	Dwelling units rent expense								-
90000	<b>TOTAL EXPENSES</b>	158,084	94,401	2,270,605	221,976	-	14,232	(1,919,640)	39,800,097

Paterson Housing Authority									
NJ021									
Financial Data Schedule (FDS)									
March 31, 2015									
Line Item #	Account Description	14.238 Shelter Plus Care	State and Local	COCC	Component Units - Blended	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	ELIM	TOTAL
<b>OTHER FINANCING SOURCES (USES)</b>									
10010	Operating transfers in	-	-	-	-	-	-	(379,241)	-
10020	Operating transfers out	-	-	-	-	-	-	379,241	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	-	-	(64,629)
10091	Inter Project excess cash transfer in	-	-	-	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-	-	-	-
10093	Transfers between program and project in	-	-	-	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-	-	-	-
10100	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-	-	-	-	(64,629)
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	-	(71,378)	(244,276)	(61,130)	400,000	-	-	8,733,545
<b>MEMO ACCOUNT INFORMATION:</b>									
11020	Required annual debt principal payments	-	-	-	-	-	-	-	-
11030	Beginning equity	-	117,870	385,383	1,048,921	-	-	(1,068,334)	66,914,002
11040	Prior period adjustments and equity transfers	-	-	1,653,149	-	(400,000)	-	-	-
11170	Administrative fee equity	-	-	-	-	-	-	-	589,982
11180	Housing assistance payments equity	-	-	-	-	-	-	-	1,248,816
		-	-	-	-	-	-	-	1,838,798
11190	Unit months available	216	-	-	240	-	-	(240)	44,730
11210	Number of unit months leased	144	-	-	204	-	-	(204)	40,473
Equity Roll Forward Test:									
	Calculation from R/E Statement	\$ -	\$ 46,492	\$ 1,794,256	\$ 987,791	\$ -	\$ -	\$ (1,068,334)	\$ 75,647,547
	B/S Line 513	\$ -	\$ 46,492	\$ 1,794,256	\$ 987,791	\$ -	\$ -	\$ (1,068,334)	\$ 75,647,547
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -