

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
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FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Housing Authority of the City of Hoboken:

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

We have audited the financial statements of the Housing Authority of the City of Hoboken ("the Authority") as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Hoboken's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 respective financial position of the Housing Authority of the City of Hoboken ("the Authority"), as of September 30, 2014 and 2013, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Hoboken'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; and financial data schedule, as required by the United States Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and financial data schedule ("the Schedules") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules 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 June 29, 2015 on our consideration of the Housing Authority of the City of Hoboken'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 Housing Authority of the City of Hoboken's internal control over financial reporting and compliance.

*Fallon & Larsen LLP*

June 29, 2015  
Toms River, New Jersey

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

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

**FINANCIAL HIGHLIGHTS**

Assets of the Authority's enterprise fund were \$18,907,912 greater than the liabilities, a decrease in the financial position of \$3,188,563 or a 14% percent decrease.

As noted above, the assets of the Authority exceeded its liabilities by \$18,907,912 as of September 30, 2014. Of this amount, the unrestricted net position is \$3,022,857 representing a decrease of \$1,006,650 or 25% percent from the previous year. The net investment in capital assets decreased \$2,314,835 or 13% percent for an ending balance of \$15,750,300. The restricted net position increased \$132,922 for an ending balance of \$134,755. Additional information on the Authority's restricted and unrestricted net positions can be found in the Notes to the Financial Statements, which can be found in the Audit Report

The Authority's unrestricted cash, and cash equivalent at September 30, 2014 is \$4,838,218 representing a decrease of \$613,696 or 11% percent from the prior fiscal year. Total restricted cash increased \$132,922 for an ending balance of \$134,755. The full detail of these amounts can be found in the Statement of Cash Flows and Notes to the Financial Statements in the Audit Report

The Authority's total assets are \$28,831,864 of which capital assets net book value is \$23,516,090, leaving total current assets at \$5,181,019. Total current assets decreased from the previous fiscal year by \$1,095,658 or 17% percent.

The Authority's total liabilities are reported at \$9,923,952, of which noncurrent liabilities are stated at \$7,362,168. Total liabilities increased during the fiscal year as compared to the prior fiscal year in the amount of \$126,782. Total current liabilities increased during the fiscal year by \$119,552 or 5% percent, leaving noncurrent liabilities for an increase of \$7,230 or 0.1% percent as compared to the previous fiscal year.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Total current liabilities increased from the previous fiscal year by \$119,552 or 5% percent. Accounts payables decreased by \$60,755, accrued expenses increased by \$15,482, the current portion of long term debt increased by \$159,785, tenant security deposit payable increased by \$14,603, and unearned revenue decreased \$6,045.

Total noncurrent liabilities increased by \$7,230 or 0.1% percent. The increase was made up of three accounts; long-term capital bonds which decreased by \$475,000 for an ending balance of \$6,615,000, a new capital lease borrowing of \$531,005 and accrued compensated absences – long term with no offsetting assets, decreased \$48,775 from the prior fiscal year for an ending balance of \$216,163.

The Authority had total operating revenue of \$15,306,958 as compared to \$15,124,353 from the prior fiscal year for an increase of \$182,605 or 1% percent. The Authority had total operating expenses of \$18,637,841 as compared to \$21,903,252 from the previous fiscal year for a decrease of \$3,265,411 or 15% percent, resulting in Operating Loss before Capital Grants in the amount of \$3,330,883 for the current fiscal year as compared to Operating Loss before Capital Grants of \$6,778,899 from the prior fiscal year.

Total capital improvements contributions from HUD were \$725,000 as compared to \$1,150,698 from the previous fiscal year for a decrease of \$425,698 or 37% percent.

The Authority's Expenditures of Federal Awards amounted to \$10,160,688 for the fiscal year as compared to \$10,159,758 for the previous year.

**USING THIS ANNUAL REPORT**

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

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

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

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

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

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

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

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

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

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

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

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

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

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-profit Organizations.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A- 133 establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the City of Hoboken are those which equal or exceeded \$304,821 in expenditures for the fiscal year ended September 30, 2014. Type B programs for the Housing Authority of the City of Hoboken are those which are over \$100,000 but less than \$304,821 in expenditures for the fiscal year ended September 30, 2014.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

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

	Year Ended		Increase (Decrease)
	September-14	September-13	
Cash - Unrestricted	\$ 4,838,218	\$ 5,451,914	\$ (613,696)
Other Current Assets	342,801	824,763	(481,962)
Capital Assets - Net	23,516,090	25,615,135	(2,099,045)
Cash - Restricted	134,755	1,833	132,922
Total Assets	28,831,864	31,893,645	(3,061,781)
Less: Current Liabilities	(2,561,784)	(2,442,232)	(119,552)
Less: Non Current Liabilities	(7,362,168)	(7,354,938)	(7,230)
Net Assets	<u>\$ 18,907,912</u>	<u>\$ 22,096,475</u>	<u>\$ (3,188,563)</u>
Net Investment in Capital Assets	\$ 15,750,300	\$ 18,065,135	\$ (2,314,835)
Restricted Net Position	134,755	1,833	132,922
Unrestricted Net Position	3,022,857	4,029,507	(1,006,650)
	<u>\$ 18,907,912</u>	<u>\$ 22,096,475</u>	<u>\$ (3,188,563)</u>

Cash decreased by \$613,696 or 11% percent. Net cash provided by operating activities was \$84,709, net cash used by capital and related financing activities was \$569,759 and net cash provided by investing activities was \$4,276. The full detail of this amount can be found in the Statement of Cash Flows of the audit report.

Other current assets decreased \$481,962 or 58% percent. The Authority's accounts receivable decreased \$489,242. Prepaid expenses increased in the amount of \$7,280 or 3% was attributed primary to an increase in prepaid insurance amounts.

Capital assets report a decrease in the net book value of the capital assets in the amount of \$2,099,045 or 8% percent. The major factor contributing to the decrease was the recording of depreciation expense in the amount of \$3,251,112. A full detail of capital outlays can be found in the Notes to the Financial Statements.

Total current liabilities increased from the previous fiscal year by \$119,552 or 5% percent. Accounts payables decreased by \$60,755, accrued liabilities increased by \$11,964, the current portion of long term debt increased by \$159,785, tenant security deposit payable increased by \$14,603, and unearned revenue decreased \$6,045.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

Total noncurrent liabilities increased by \$7,230 or 0.1% percent. The increase was made up of three accounts; long-term capital bonds which decreased by \$475,000 for an ending balance of \$6,615,000, a new operating borrowing of \$531,005 and accrued compensated absences – long term with no offsetting assets, decreased \$48,775 from the prior fiscal year for an ending balance of \$216,163.

The Authority's reported net position of \$18,907,912 which is made up of three categories. The net investment in capital assets represents 83% percent of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance September 30, 2013	\$ 18,065,135
Acquisition in Fixed Assets	1,152,067
Financed Acquisitions	(747,066)
Depreciation Expense	(3,251,112)
Principal Payment on Debt	531,276
Balance September 30, 2014	\$ 15,750,300

The Housing Authority of the City of Hoboken operating results for September 30, 2014 reported a decrease in unrestricted net position of \$1,006,650 or 25% percent for an ending balance of \$3,022,857. The Authority reported restricted net position in the amount of \$134,755 which was an increase of \$132,922 from the previous year. A full detail of these accounts can be found in the Notes to the Financial Statements.

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

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

The following summarizes the changes in net position between September 30, 2014 and September 30, 2013:

	<u>Year Ended</u>		Increase
	<u>September-14</u>	<u>September-13</u>	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 5,628,919	\$ 5,779,747	\$ (150,828)
HUD Subsidies	9,487,804	8,795,797	692,007
Other Revenues	190,235	548,809	(358,574)
Total Operating Income	<u>15,306,958</u>	<u>15,124,353</u>	182,605
<u>Expenses</u>			
Operating Expenses	15,386,729	18,820,916	(3,434,187)
Depreciation Expense	3,251,112	3,082,336	168,776
Total Operating Expenses	<u>18,637,841</u>	<u>21,903,252</u>	(3,265,411)
Operating Income (Loss) Before Capital Grants	(3,330,883)	(6,778,899)	3,448,016
Interest Income	4,276	6,171	(1,895)
Interest Expense	(337,519)	(344,586)	7,067
Casualty loss	(14,865)	-	(14,865)
Abandonment of Redevelopment	(234,572)	-	(234,572)
Insurance proceeds	-	3,471,485	(3,471,485)
HUD Capital Grants	725,000	1,150,698	(425,698)
Increase in Net Position	<u>(3,188,563)</u>	<u>(2,495,131)</u>	(693,432)
Net Position, Prior Year	22,096,475	24,591,606	(2,495,131)
Total Net Position	<u>\$ 18,907,912</u>	<u>\$ 22,096,475</u>	\$ (3,188,563)

Approximately 62% percent of the Authority's total operating revenue was provided by HUD operating subsidy, while 37% percent resulted from tenant revenue, and 1% percent resulted from other revenue.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

The Housing Authority of the City of Hoboken received from the capital fund program \$725,000 in grant money for capital expenditures, a decrease of \$425,698 or 37% percent from the prior fiscal year.

The Authority operating expenses cover a range of expenses. The largest expense was for utilities expenses representing 25% percent of total operating expenses, housing assistance payments accounted for 13% percent, administrative expenses accounted for 13% percent, tenant services accounted for 1% percent, maintenance accounted for 24% percent, protective services accounted for 2% percent, other operating expenses and depreciation accounted for the remaining 22% of the total operating expenses.

The Authority operated at an operating loss of \$3,330,883, as compared to an operating loss of \$6,778,899 for a decrease in deficit of \$3,448,016. The key elements of this decrease in operating revenue and increase in operating expenses are as follows:

- The Authority experienced an increase in HUD operating subsidy in the amount of \$692,007.
- Below are the expenses that decreased for fiscal year ended September 30, 2014:
  - Administrative Expenses decreased \$553,450.
  - General Expenses decreased \$2,108,283.
  - Extraordinary Maintenance due to Hurricane Sandy in the prior year of \$202,581 was eliminated.
- The decrease in general expenses of \$2,108,283 were mainly due to the damage from Hurricane Sandy in the prior year and the severe flooding that occurred throughout the whole City of Hoboken.
- The Authority experienced a decrease in protective services in the amount of \$260,084.

Total net cash used by operating activities during the year was \$84,709. Full detail of this amount can be found on the Statement of Cash Flows.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

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

	September-14	September-13	September-12	September-11
<b>Significant Income</b>				
Total Tenant Revenue	\$ 5,628,919	\$ 5,779,747	\$ 5,750,109	\$ 5,627,168
HUD Operating Grants	9,487,804	8,795,797	10,704,740	10,364,452
HUD Capital Grants	725,000	1,150,698	1,501,058	1,349,630
Investment Income	4,276	6,171	5,781	9,241
Other Income	190,235	548,809	712,850	294,733
<b>Total</b>	<b>16,036,234</b>	<b>16,281,222</b>	<b>18,674,538</b>	<b>17,645,224</b>
<b>Payroll Expense</b>				
Administrative Salaries	1,003,905	1,258,258	814,688	984,015
Tenant Services Salaries	18,652	31,564	54,811	33,679
Utilities Labor	93,818	267,897	117,112	117,507
Maintenance Labor	1,412,237	1,267,663	1,404,346	1,453,320
Employee Benefits Expense	1,956,956	1,964,079	2,113,427	1,744,668
<b>Total Payroll Expense</b>	<b>4,485,568</b>	<b>4,789,461</b>	<b>4,504,384</b>	<b>4,333,189</b>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	636,302	594,838	798,837	685,404
Utilities Expense	4,520,536	4,464,823	4,739,989	4,682,704
Maintenance Supplies	601,255	736,189	929,052	370,661
Maintenance Contract Cost	1,257,750	1,469,174	961,884	634,786
Protective Services	437,288	554,216	764,011	217,601
Insurance Premiums	564,925	648,491	740,160	557,605
Housing Assistance Payments	2,451,943	2,412,884	2,265,121	2,122,324
<b>Total</b>	<b>10,469,999</b>	<b>10,880,615</b>	<b>11,199,054</b>	<b>9,271,085</b>
<b>Total Operating Expenses</b>	<b>18,637,841</b>	<b>21,903,252</b>	<b>16,521,538</b>	<b>14,913,979</b>
<b>Total of Federal Awards</b>	<b>\$ 10,160,688</b>	<b>\$ 10,159,758</b>	<b>\$ 12,205,798</b>	<b>\$ 11,714,082</b>

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**BUDGETARY HIGHLIGHTS**

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

The budget for the Low Rent Public Housing was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles.

The budget for the Housing Choice Voucher Program was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The Housing Choice Voucher program Housing Assistance Payments (HAP) funds were approved by the U.S. Department of Housing and Urban Development (HUD) on a basis consistent with the grant application covering HAP programs.

**NEW INITIATIVES**

For the year 2014 and carrying over to 2015 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 60% percent of its revenue from the Department of Housing and Urban Development, the Authority is constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy. The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services. Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the City of Hoboken all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

For 2014 due to budget cuts once again by Congress, HUD prorated everyone's eligibility for operating funds at 88.08%. For calendar year 2014 the Authority was eligible for \$7,060,185, after the proration the Authority was only able to receive \$6,218,496, which is a decrease in funding of \$841,689.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**THE AUTHORITY AS A WHOLE**

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

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

**THE HOUSING AUTHORITY OF THE CITY OF HOBOKEN PROGRAMS**

Public Housing Program

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

Housing Choice Voucher Program

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

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**THE HOUSING AUTHORITY OF THE CITY OF HOBOKEN PROGRAMS (CONTINUED)**

Capital Fund Program

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

1 - Capital Assets

As of September 30, 2014, the Authority's investment in capital assets was \$23,516,090 (net of accumulated depreciation) reflected in the following schedule which represents a decrease of \$2,099,045 from the previous year. This investment in capital assets includes land, buildings, equipment, and construction in progress. Major capital expenditures of \$1,152,067 were made during the fiscal year. Major capital assets events during the fiscal year included the following:

- Computer and video equipment
- Building Renovations
- Site Improvements

	September-14	September-13	Increase (Decrease)
Land	\$ 1,527,036	\$ 1,527,036	\$ -
Building	58,874,498	57,573,726	1,300,772
Furniture, Equipment - Dwelling	11,645,968	11,645,968	-
Furniture, Equipment - Administration	2,778,086	1,891,019	887,067
Construction in Process	265,000	1,300,772	(1,035,772)
Total Fixed Assets	75,090,588	73,938,521	1,152,067
Accumulated Depreciation	(51,574,498)	(48,323,386)	(3,251,112)
Net Book Value	<u>\$ 23,516,090</u>	<u>\$ 25,615,135</u>	<u>\$ (2,099,045)</u>

Additional information on the Authority's capital assets can be found in the Notes to the financial statements which is included in the Audit Report.

2 - Long Term Debt

The Authority has participated in the New Jersey pooled leveraging program for the year ending September 30, 2014. Through this financing of majority capital projects will be completed on an expedited basis. As of September 30, 2014 the Capital Project Bond payable of \$7,090,000 was the only outstanding bond for the Authority.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

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

The Housing Authority of City of Hoboken is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.

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

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

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

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2014**

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Robert A. DiVincent, Executive Director, Housing Authority of the City of Hoboken, 400 Harrison Street, Hoboken, NJ 07030 or call (201) 798-0370.

## **FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**STATEMENTS OF NET POSITION**  
**AS OF SEPTEMBER 30, 2014 AND 2013**

ASSETS		
	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 4,838,218	\$ 5,451,914
Accounts receivable, net	127,382	616,624
Prepaid expenses	<u>215,419</u>	<u>208,139</u>
Total current assets	<u>5,181,019</u>	<u>6,276,677</u>
Non-current assets:		
Restricted cash	134,755	1,833
Capital assets, net	<u>23,516,090</u>	<u>25,615,135</u>
Total non-current assets	<u>23,650,845</u>	<u>25,616,968</u>
Total assets	<u>28,831,864</u>	<u>31,893,645</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,262,478	1,323,233
Accrued expenses	229,569	245,051
Accrued compensated absences	56,882	29,436
Tenant security deposits	360,945	346,342
Prepaid tenant rents	32,125	38,170
Current portion of bonds payable	475,000	460,000
Current portion of capital leases payable	<u>144,785</u>	<u>-</u>
Total current liabilities	<u>2,561,784</u>	<u>2,442,232</u>
Non-current liabilities:		
Bonds payable, excluding current portion	6,615,000	7,090,000
Accrued compensated absences, net of current portion	216,163	264,938
Capital leases payable, excluding current portion	<u>531,005</u>	<u>-</u>
Total non-current liabilities	<u>7,362,168</u>	<u>7,354,938</u>
Total liabilities	<u>9,923,952</u>	<u>9,797,170</u>
NET POSITION		
Net position:		
Net investment in capital assets	15,750,300	18,065,135
Restricted	134,755	1,833
Unrestricted	<u>3,022,857</u>	<u>4,029,507</u>
Total net position	<u>\$ 18,907,912</u>	<u>\$ 22,096,475</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Tenant revenue	\$ 5,628,919	\$ 5,779,747
HUD grants	9,487,804	8,795,797
Other revenues	<u>190,235</u>	<u>548,809</u>
Total operating revenue	<u>15,306,958</u>	<u>15,124,353</u>
Operating expenses:		
Administrative	2,376,667	2,930,117
Tenant services	84,767	134,316
Utilities	4,689,982	4,836,810
Ordinary maintenance and operations	4,409,667	4,478,572
Protective services	437,288	697,372
Insurance expense	564,925	648,491
General expenses	371,490	2,479,773
Housing assistance payments	2,451,943	2,412,884
Extraordinary maintenance	-	202,581
Depreciation	<u>3,251,112</u>	<u>3,082,336</u>
Total operating expenses	<u>18,637,841</u>	<u>21,903,252</u>
Operating loss	<u>(3,330,883)</u>	<u>(6,778,899)</u>
Non-operating revenues:		
Investment income	4,276	6,171
Interest expense	(337,519)	(344,586)
Casualty loss	(14,865)	-
Abandonment of Campus Redevelopment Project	(234,572)	-
Insurance proceeds	<u>-</u>	<u>3,471,485</u>
Net non-operating revenues (expense)	<u>(582,680)</u>	<u>3,133,070</u>
Loss before capital grants	(3,913,563)	(3,645,829)
Capital grants	<u>725,000</u>	<u>1,150,698</u>
Change in net position	(3,188,563)	(2,495,131)
Net position, beginning of year	<u>22,096,475</u>	<u>24,591,606</u>
Net position, end of year	<u>\$ 18,907,912</u>	<u>\$ 22,096,475</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Cash received from grantors	\$ 9,827,666	\$ 9,008,411
Cash received from tenants and others	6,180,209	6,155,897
Cash paid to employees	(2,465,507)	(2,748,226)
Cash paid to suppliers	<u>(13,457,659)</u>	<u>(15,550,266)</u>
Net cash flows provided (used) by operating activities	<u>84,709</u>	<u>(3,134,184)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(405,001)	(774,369)
Insurance proceeds received	-	3,471,485
Interest paid on capital debt	(343,617)	(344,586)
Casualty loss	(14,865)	-
Principal paid on capital debt	(531,276)	(445,000)
Capital grants	<u>725,000</u>	<u>1,150,698</u>
Net cash flows provided (used) by capital and related financing activities	<u>(569,759)</u>	<u>3,058,228</u>
Cash Flows from Investing Activities:		
Investment income	<u>4,276</u>	<u>6,171</u>
Net cash flows provided (used) by investing activities	<u>4,276</u>	<u>6,171</u>
Net increase (decrease) in cash	(480,774)	(69,785)
Cash and cash equivalents, beginning of year	<u>5,453,747</u>	<u>5,523,532</u>
Cash and cash equivalents, end of year	<u>\$ 4,972,973</u>	<u>\$ 5,453,747</u>

	<u>2014</u>	<u>2013</u>
A reconciliation of cash and cash equivalents to Statement of Net Position is as follows:		
Cash and cash equivalents	\$ 4,838,218	\$ 5,451,914
Restricted cash	<u>134,755</u>	<u>1,833</u>
	<u>\$ 4,972,973</u>	<u>\$ 5,453,747</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**STATEMENTS OF CASH FLOWS (continued)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ (3,330,883)	\$ (6,778,899)
Items which did not use cash:		
Depreciation	3,251,112	3,082,336
Bad debts	3,704	36,906
Changes in assets and liabilities:		
Accounts receivable - HUD	339,862	194,834
Accounts receivable - tenants	(23,074)	(57,993)
Accounts receivable - miscellaneous	(65,822)	(140,636)
Prepaid expenses	(7,280)	(6,825)
Accounts payable	(60,755)	524,912
Accrued expenses	(9,384)	4,044
Accrued compensated absences	(21,329)	(36,613)
Tenant security deposits	14,603	25,970
Prepaid tenant rents	<u>(6,045)</u>	<u>17,780</u>
Net cash provided (used) by operating activities	<u>\$ 84,709</u>	<u>\$ (3,134,184)</u>

Schedule of non-cash capital and related financing activities:

Financed acquisition	<u>\$ 747,066</u>	<u>\$ -</u>
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**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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

**A. Organization**

The Housing Authority of the City of Hoboken ("Hoboken Housing Authority") or ("the Authority") is a public body corporate and politic of the State of New Jersey ("the State") created by the City of Hoboken ("the City") under Local Redevelopment and Housing Law (N.J.S.A 40A:12A-1, et seq) of the State. The Authority is responsible for operating 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 five-year terms. The governing board 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 to manage the day-to-day operations of the Authority.

**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 within the City of Hoboken. 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 Program

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 rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Public Housing Capital Fund Program

The capital fund program provides funds annually, via a formula, to public housing agencies for capital and management activities including modernization and development of public housing units.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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

**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 Housing Authority of the City of Hoboken 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 upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

**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”), as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a 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.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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

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

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities that use Proprietary Fund Accounting*, the Authority has elected to apply all Financial Accounting Standards Board pronouncements, Accounting Principle Board Opinions and Accounting Research Bulletins issued, that do not conflict with or contradict GASB pronouncements.

On January 30, 2008, HUD issued *PIH Notice 2008-9* 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.

In accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, the aforementioned funds are treated as restricted cash and cash equivalents on the Authority's Statements of Net Position and Cash Flows.

**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. 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.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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

**G. 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 that 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. No governmental unit under GUDPA has ever lost protected deposits.

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.

**H. Accounts Receivable**

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. 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.

**I. Prepaid Expenses**

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

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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

**J. Capital Assets, Net**

Development costs which are comprised of initial development costs, (acquisition costs, modernization costs, and the costs of urban renewal property), site preparation and property betterments, land, structures and equipment are recorded at historical cost. The costs of demolition expenses are capitalized as land improvements.

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

• Dwelling Equipment	5 Years
• Office Improvements	7 Years
• Site Improvements	15 Years
• Building Components	15 Years
• Buildings	40 Years

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

Maintenance and repairs expenditures are charged to operations when incurred. Expenditures determined to represent additions or betterments are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are removed from the books, and any gain or loss is included in operations.

**K. Compensated Absences**

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered.

Employees may be compensated for accrued vacation leave in the event of retirement or separation from the Authority. In the event of retirement, an employee is compensated for one half of their daily rate, times the number of unused sick days up to a maximum of \$15,000 under the Authority's current personnel policy. Generally, unused vacation may be carried over for a one year period. In the event of separation from the Authority, the employee is eligible for compensation of up to one year plus any time earned in the year of separation.

**L. Prepaid Tenant Rents**

Prepaid tenant rents primarily consists of prepayment of rent by tenants applicable to future periods.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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

**M. Taxes**

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

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

**O. Inter-program Receivables and Payables**

Inter-program receivables/payables are current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically and all inter-program balances net to zero. In accordance with GASB Statement No. 34, interprogram receivables and payables are eliminated for financial statement purposes, however they are reflected in the Authority's financial data schedule as required by HUD.

**P. Economic Dependency**

The Low Rent Public Housing and Housing Choice Voucher programs of the Authority are economically dependent on operating grants and subsidies from HUD.

**NOTE 2. CASH AND CASH EQUIVALENTS**

For the fiscal years ended September 30, 2014 and 2013, the carrying amount of the Authority's cash and cash equivalents (including restricted cash) was \$4,972,973 and \$5,453,747, respectively, and the bank balances were \$5,508,429 and \$6,250,605, respectively.

Of the bank balance, \$252,561 and \$251,833 were covered by federal depository insurance and the remaining \$5,255,868 and \$5,998,772 were collateralized with the pledging financial institution as of September 30, 2014 and 2013.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**NOTE 2. CASH AND CASH EQUIVALENTS (continued)**

<u>Cash Account</u>	<u>2014</u>	<u>2013</u>
Insured:		
FDIC	\$ 252,561	\$ 251,833
Collateralized:		
Collateralized amount held by pledging financial institution	<u>5,255,868</u>	<u>5,998,772</u>
	<u>\$ 5,508,429</u>	<u>\$ 6,250,605</u>

Custodial Credit Risk - 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 government does not have a deposit policy for custodial credit risk.

All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable, net consisted of the following at September 30, 2014 and 2013:

<u>Description</u>	<u>2014</u>	<u>2013</u>
Accounts receivable - HUD	\$ -	\$ 339,862
Accounts receivable - tenants	127,382	108,012
Accounts receivable - miscellaneous	<u>-</u>	<u>168,750</u>
Total accounts receivable, net	<u>\$ 127,382</u>	<u>\$ 616,624</u>

Accounts receivable - HUD

Accounts receivable - HUD represents amounts due to the Authority under the Capital Fund Program for expenditures in excess of reimbursements, and from the Operating Fund for funds earned and not yet received. The Authority considers these amounts fully collectible and accordingly, have made no allowance for doubtful accounts.

Accounts receivable - tenants

As of September 30, 2014 and 2013, Accounts receivable - tenants, net consisted of amounts due from tenants for rent as part of the Authority's Low Rent Public Housing Program. The amounts are shown net of an allowance for doubtful accounts of \$38,950 and \$72,848, respectively.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**NOTE 3. ACCOUNTS RECEIVABLE (continued)**

Accounts receivable - miscellaneous

Accounts receivable - miscellaneous consisted of amounts due to the Authority for development costs related to the Campus Redevelopment Project. The Authority subsequently abandoned this project and expensed \$234,572 of costs associated with it.

**NOTE 4. CAPITAL ASSETS, NET**

The following is a summary of the changes in capital assets for the fiscal years ended September 30, 2014 and 2013:

Description	September 30, 2013	Additions	Disposals	Transfers	September 30, 2014
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,527,036	\$ -	\$ -	\$ -	\$ 1,527,036
Construction in Progress	<u>1,300,772</u>	<u>265,000</u>	<u>-</u>	<u>(1,300,772)</u>	<u>265,000</u>
Total	<u>2,827,808</u>	<u>265,000</u>	<u>-</u>	<u>(1,300,772)</u>	<u>1,792,036</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	57,573,726	-	-	1,300,772	58,874,498
Furniture and Equipment	<u>13,536,987</u>	<u>887,067</u>	<u>-</u>	<u>-</u>	<u>14,424,054</u>
Total	<u>71,110,713</u>	<u>887,067</u>	<u>-</u>	<u>1,300,772</u>	<u>73,298,552</u>
Less: accumulated depreciation	<u>48,323,386</u>	<u>3,251,112</u>	<u>-</u>	<u>-</u>	<u>51,574,498</u>
Net capital assets	<u>\$ 25,615,135</u>	<u>\$ (2,099,045)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,516,090</u>

Description	September 30, 2012	Additions	Disposals	Transfers	September 30, 2013
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,527,036	\$ -	\$ -	\$ -	\$ 1,527,036
Construction in Progress	<u>19,264,402</u>	<u>705,698</u>	<u>-</u>	<u>(18,669,328)</u>	<u>1,300,772</u>
Total	<u>20,791,438</u>	<u>705,698</u>	<u>-</u>	<u>(18,669,328)</u>	<u>2,827,808</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	45,884,841	-	(6,980,443)	18,669,328	57,573,726
Furniture and Equipment	<u>13,468,316</u>	<u>68,671</u>	<u>-</u>	<u>-</u>	<u>13,536,987</u>
Total	<u>59,353,157</u>	<u>68,671</u>	<u>(6,980,443)</u>	<u>18,669,328</u>	<u>71,110,713</u>
Less: accumulated depreciation	<u>52,221,493</u>	<u>3,082,336</u>	<u>(6,980,443)</u>	<u>-</u>	<u>48,323,386</u>
Net capital assets	<u>\$ 27,923,102</u>	<u>\$ (2,307,967)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,615,135</u>

Depreciation expense for the fiscal year ended September 30, 2014 and 2013 amounted to \$3,251,112 and \$3,082,336, respectively.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**NOTE 5. RESTRICTED CASH AND RESTRICTED NET POSITION**

Restricted cash and restricted net position consisted of the following as of September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Section 8 HAP Equity	\$ 132,195	\$ -
Capital Fund Revenue Bond Proceeds	<u>2,560</u>	<u>1,833</u>
	<u>\$ 134,755</u>	<u>\$ 1,833</u>

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

Capital Fund Program Revenue Bonds proceeds consist of unspent proceeds from the 2004 Series A Capital Fund Program Revenue Bonds and are restricted for certain capital improvements in accordance with the Authority's approved annual plan.

**NOTE 6. 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.

Compensated absences activity for the years ended September 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Beginning compensated absences	\$ 294,374	\$ 330,987
Compensated absences earned	278,301	275,309
Compensated absences redeemed	<u>(299,630)</u>	<u>(311,922)</u>
Ending compensated absences	273,045	294,374
Less: current portion	<u>56,882</u>	<u>29,436</u>
Compensated absences, net of current portion	<u>\$ 216,163</u>	<u>\$ 264,938</u>

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**NOTE 7. BONDS PAYABLE**

A summary of the Authority's outstanding bonds payable as of September 30, 2014 and 2013 is as follows:

During 2004, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2004 Series A on December 23, 2004. The Authority's share of the funds from the bond issue pool amounted to \$10,550,000. Interest accrues at 4.63% and is payable semi-annually with principal on May 1st and November 1st. Repayment of the funds shall be paid solely from Capital Fund allocations received by the Authority from the Department of Housing and Urban Development.

	\$ 7,090,000	\$ 7,550,000
Less: current portion	475,000	460,000
Bonds payable, excluding current portion	\$ 6,615,000	\$ 7,090,000

Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2015	\$ 475,000	\$ 318,041	\$ 793,041
2016	505,000	297,490	802,490
2017	525,000	275,177	800,177
2018	545,000	251,990	796,990
2019	575,000	227,818	802,818
2020-2024	3,310,000	714,290	4,024,290
2025-2026	1,155,000	54,754	1,209,754
	\$ 7,090,000	\$ 2,139,560	\$ 9,229,560

Debt activity for the years ended September 30, 2014 and 2013 consisted of the following:

Description	September 30, 2013	Advances	Principal Payments	September 30, 2014
Bonds Payable	\$ 7,550,000	\$ -	\$ (460,000)	\$ 7,090,000
Description	September 30, 2012	Advances	Principal Payments	September 30, 2013
Bonds Payable	\$ 7,995,000	\$ -	\$ (445,000)	\$ 7,550,000

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**NOTE 7. BONDS PAYABLE (continued)**

Interest expense for the years ended September 30, 2014 and 2013, totaled \$337,519 and \$344,586, respectively.

**NOTE 8. CAPITAL LEASE**

On November 19, 2013, the Authority financed the acquisition and installation of computer and video equipment through a capital lease purchase agreement. The equipment acquired totaled \$887,067, with the Authority providing a down payment of \$140,000, resulting in an amount financed of \$747,067. The lease is payable over five (5) years in semi-annual installments of \$79,046 including interest at 2.08%. The outstanding balance at September 30, 2014 totaled \$675,790.

Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2015	\$ 144,785	\$ 13,307	\$ 158,092
2016	147,812	10,280	158,092
2017	150,903	7,190	158,093
2018	154,057	4,035	158,092
2019	78,233	814	79,047
	\$ 675,790	\$ 35,626	\$ 711,416

Debt activity for the year ended September 30, 2014 consisted of the following:

Description	September 30, 2013	Advances	Principal Payments	September 30, 2014
Capital Lease Payable	\$ -	\$ 747,067	\$ (71,277)	\$ 675,790

**NOTE 9. POST-RETIREMENT BENEFITS**

The Authority participates in 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.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**NOTE 9. POST-RETIREMENT BENEFITS (continued)**

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.

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. The required contribution rate is determined on an annual pay as you go basis. The following approximated the required contributions:

<u>Year</u>	<u>Amount</u>
2014	\$ <u>330,109</u>
2013	\$ <u>320,232</u>
2012	\$ <u>301,403</u>

**NOTE 10. PENSION PLAN**

Description of Plans – 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 Administrative Code, 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.

Public Employees’ Retirement System (PERS) – 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.

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).

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**NOTE 10. PENSION PLAN (continued)**

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to 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 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate for the PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Three Year Trend Information for PERS			
Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2012	\$ <u>284,980</u>	<u>100</u>	\$ <u>-</u>
September 30, 2013	\$ <u>263,871</u>	<u>100</u>	\$ <u>-</u>
September 30, 2014	\$ <u>270,157</u>	<u>100</u>	\$ <u>-</u>

**NOTE 11. RISK MANAGEMENT**

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the New Jersey Public Housing Authority Joint Insurance Fund (NJPHA –JIF), which was established in 1998 by several Housing Authority's as a means of reducing the cost of general liability insurance. The NJ-PHA JIF is a public entity risk pool currently operating as a common risk management and insurance program for the member Authority's. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. Settlement amounts have not exceeded insurance coverage except for deductibles for the years ended September 30, 2013, 2012, and 2011.

**NOTE 12. ECONOMIC DEPENDENCY**

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

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**NOTE 13. 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 September 30, 2014 and 2013, the Authority cannot reasonably estimate if material liabilities will result from such audits.

**NOTE 14. SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through June 29, 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  
Housing Authority of the City of Hoboken:

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 Housing Authority of the City of Hoboken ("the Authority") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Hoboken's basic financial statements, and have issued our report thereon dated June 29, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

**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 Housing Authority of the City of Hoboken'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 items 2014-001, 2014-002, and 2014-003.

**City of Hoboken Housing Authority's Response to Findings**

The Housing Authority of the City of Hoboken's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Hoboken's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 result 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*

June 29, 2015  
Toms River, New Jersey



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

To the Board of Commissioners  
Housing Authority of the City of Hoboken:

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

We have audited the compliance of Housing Authority of the City of Hoboken ("the Authority"), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of Hoboken's major federal programs for the year ended September 30, 2014. Housing Authority of the City of Hoboken'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 Housing Authority of the City of Hoboken'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, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards 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 Housing Authority of the City of Hoboken'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 Housing Authority of the City of Hoboken'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 AND  
NEW JERSEY OMB CIRCULAR 04-04 (continued)**

**Basis for Qualified Opinion**

**Low Rent Public Housing Program**

As described in the accompanying schedule of findings and questioned costs as items 2014-1, 2014-3, and 2014-4, the Housing Authority of the City of Hoboken did not comply with the eligibility, procurement, and reporting compliance requirements of OMB Circular A-133 regarding annual recertifications, original applications, signed leases, HUD 9886 consent to release information forms, and inspections related to eligibility requirements, bid awarding processes related to procurement requirements and proper reporting of units occupied by PHA employees, police officers, or other security personnel who are not otherwise eligible for public housing related to reporting requirements, as required by the Low Rent Public Housing Program (CFDA #14.850). Compliance with such requirements is necessary, in our opinion, for the Housing Authority of the City of Hoboken to comply with the requirements of that program.

**Housing Choice Voucher Program**

As described in the accompanying schedule of findings and questioned costs as item 2014-3, the Housing Authority of the City of Hoboken did not comply with the eligibility compliance requirements of OMB Circular A-133 regarding signed leases, lead based paint forms and annual inspection reports, as required by the Housing Choice Voucher Program (CFDA #14.871). Compliance with such requirements is necessary, in our opinion, for the Housing Authority of the City of Hoboken to comply with the requirements of that program.

**Qualified Opinion on Low Rent Public Housing and Housing Choice Voucher Program**

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraphs, the Housing Authority of the City of Hoboken complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Low Rent Public Housing and Housing Choice Voucher programs.

**Report on Internal Control Over Compliance**

Management of Housing Authority of the City of Hoboken 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 Housing Authority of the City of Hoboken'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 Housing Authority of the City of Hoboken's internal control over 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 AND  
NEW JERSEY OMB CIRCULAR 04-04 (continued)**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, and 2014-003 to be material weaknesses.

The Housing Authority of the City of Hoboken'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 Housing Authority of the City of Hoboken'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*

June 29, 2015  
Toms River, New Jersey

**SUPPLEMENTAL INFORMATION**

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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:								
NJ015-00000113D	14.850	N/A	1/1/13	12/31/13	\$ 2,798,634	\$ 695,867	\$ 695,867	\$ 2,798,634
NJ015-00000114D	14.850	N/A	1/1/14	12/31/14	3,085,682	2,305,114	2,305,114	2,305,114
NJ015-00000213D	14.850	N/A	1/1/13	12/31/13	300,189	74,641	74,641	300,189
NJ015-00000214D	14.850	N/A	1/1/14	12/31/14	322,123	242,152	242,152	242,152
NJ015-00000313D	14.850	N/A	1/1/13	12/31/13	1,334,333	331,775	331,775	1,334,333
NJ015-00000314D	14.850	N/A	1/1/13	12/31/14	1,293,433	972,322	972,322	972,322
NJ015-00000413D	14.850	N/A	1/1/13	12/31/13	717,346	178,365	178,365	717,346
NJ015-00000414D	14.850	N/A	1/1/14	12/31/14	847,985	637,462	637,462	637,462
NJ015-00000513D	14.850	N/A	1/1/13	12/31/13	565,683	140,655	140,655	565,683
NJ015-00000514D	14.850	N/A	1/1/14	12/31/14	<u>669,273</u>	<u>503,117</u>	<u>503,117</u>	<u>503,117</u>
Grant subtotal					<u>11,934,681</u>	<u>6,081,470</u>	<u>6,081,470</u>	<u>10,376,352</u>
Section 8 Housing Choice Voucher Program:								
NJ015-2FPH-2013	14.871	N/A	10/1/13	09/30/14	<u>2,744,922</u>	<u>2,744,922</u>	<u>2,692,806</u>	<u>2,692,806</u>
Public Housing Capital Fund Program:								
NJ39P015501-12	14.872	N/A	3/12/12	3/11/17	1,701,229	407,642	407,642	1,701,229
NJ39P015501-13	14.872	N/A	9/9/13	9/8/17	<u>1,595,954</u>	<u>978,770</u>	<u>978,770</u>	<u>978,770</u>
Grant subtotal					<u>3,297,183</u>	<u>1,386,412</u>	<u>1,386,412</u>	<u>2,679,999</u>
					<u>\$ 17,976,786</u>	<u>\$ 10,212,804</u>	<u>\$ 10,160,688</u>	<u>\$ 15,749,157</u>

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Housing Authority of the City of Hoboken under programs of the federal government for the year ended September 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Hoboken Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Hoboken Housing Authority.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in 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. SUBRECIPIENTS**

The Authority did not pass-through any federal awards to subrecipients.

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

The Authority did not receive any non-cash Federal assistance for the year ended September 30, 2014.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**NOTE 5. STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES**

	<u>501-12</u>	<u>501-13</u>	<u>Total</u>
Budget	\$ <u>1,701,229</u>	\$ <u>1,595,954</u>	\$ <u>3,297,183</u>
<u>Advances:</u>			
Cumulative through 09/30/2013	\$ 958,932	\$ -	\$ 958,932
Current year	<u>742,297</u>	<u>978,770</u>	<u>1,721,067</u>
Cumulative through 09/30/2014	<u>1,701,229</u>	<u>978,770</u>	<u>2,679,999</u>
<u>Costs:</u>			
Cumulative through 09/30/2013	1,293,587	-	1,293,587
Current year	<u>407,642</u>	<u>978,770</u>	<u>1,386,412</u>
Cumulative through 09/30/2014	<u>1,701,229</u>	<u>978,770</u>	<u>2,679,999</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**NOTES TO STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES**

- 1) The total amount of Capital Fund Program Costs and Advances incurred and earned by the Housing Authority of the City of Hoboken as of and for the year ended September 30, 2014 are provided herein.
- 2) Capital Fund Grant No. NJ39P01550112 with an approved funding of \$1,701,229 has been fully drawn down and expended as per Capital Fund Grant Regulations.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2014**

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 and A and type B programs:  | \$304,821 |
| 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 identified 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
14.850	Low Rent Public Housing Program

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**SEPTEMBER 30, 2014**

II. Financial Statement Findings

We consider the findings listed as 2014-001 to be a Financial Statement Finding as well as Federal Award Finding. See Section III - Federal Award Findings and Questioned Costs for detail of findings.

III. Federal Award Findings and Questioned Costs

**Finding 2014-001**

Criteria: N.J.S.A. 40A:11-3(a) requires that all contracts that in the aggregate are greater than \$26,000, be subject to the sealed bid process. 24 CFR Part 85:36(c) also requires that all contracts that in aggregate are greater than \$100,000 be awarded via a sealed bid process.

Condition: Thirteen (13) vendors were paid in excess of the \$26,000 bid threshold without the contracts being awarded through the competitive purchasing process.

Known Questioned Costs: \$985,909

Context: During our review of the vendor history report, we noted that there were thirteen (13) vendors that were paid in excess of the bid threshold. Upon examination and through discussions with management it was determined that those contracts were awarded without consideration of the competitive purchasing process.

Cause: Management has not properly evaluated and implemented the requirements of state and federal procurement laws and regulations.

Effect: The Authority is not in compliance with state and federal procurement laws and regulations.

Recommendation: The Authority should put into place internal controls to insure that all state and federal laws and regulations are properly evaluated and implemented.

Views of responsible officials and planned corrective action: The Board of Commissioners became aware of deficiencies in the procurement process during the last fiscal audit and has made significant changes to Authority personel and policies to assure future compliance. However, since changes were made during the current fiscal year, instances of non-compliance still existed for the period under audit.

**Finding 2014-002:**

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 and the Low Rent Public Housing program.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**SEPTEMBER 30, 2014**

**Finding 2014-002 (continued):**

Condition: Tenant files for the Section 8 Housing Choice Voucher Program and the Low Rent Public Housing Program are materially incomplete.

Context: During inspection of twelve (12) Section 8 Housing Choice Voucher program tenant files, we noted the following exceptions:

- One (1) file did not include the tenant's social security card
- Twelve (12) did not include lead based paint forms
- Six (6) did not include original signed leases

Also, upon being provided with a list of failed inspections for the year, eight (8) out of eleven (11) failed inspections did not pass re-inspection within thirty days, and the Authority failed to abate HAP payments for the failed units. The Authority administered approximately 207 vouchers for the year ended September 30, 2014.

During inspection of twenty-six (26) Low Rent Public Housing program tenant files, we noted the following exceptions:

- Two (2) files did not include original applications
- Three (3) files did not include the *HUD 9886 Consent to Release Information* form
- One (1) file did not contain the original signed lease
- Two (2) files did not include annual inspection reports
- Two (2) files did not include HUD's 50058 annual recertification forms along with the verification of tenants assets and income.

Also, upon being provided with a sample of twenty-six (26) annual inspection reports, twenty-two (22) inspections report were incomplete. Dates of inspections, names of tenants, unit numbers, and a pass or fail status were not identified on the forms.

Known Questioned Costs: Cannot be determined

Effect: The Housing Authority is not in compliance with certain regulation regarding the Housing Choice Voucher and the Low Rent Public Housing programs.

Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with OMB Circular A-133.

Views of responsible officials and planned corrective action: The Board of Commissioners became aware of deficiencies in the maintenance of tenant files during the last fiscal audit and has made significant changes to Authority personel and policies to assure future compliance. However, since changes were made during the current fiscal year, instances of non-compliance still existed for the period under audit.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**SEPTEMBER 30, 2014**

**Finding 2014-003:**

Criteria: The Authority is required to report the number of low rent public housing units occupied by PHA employees, police officers, and/or other security personnel who are not otherwise eligible for public housing.

Condition: During the time of audit, seven (7) police officers occupied dwelling rental units in various public housing buildings, and the Authority did not identify these units in their PHA Plan or receive approval from HUD. The Authority also did not remove the units from their annual subsidy calculation. As a result, the Authority received subsidy on the units for which it was ineligible to receive.

Context: As part of our tenant file testing we chose a tenant who happened to be a police officer. Based on discussions with management, we learned that the PHA had put into place a program called "Men in Blue". Through further investigation, we learned the program had not been approved by HUD and the units occupied by the officers were not taken off line.

Known Questioned Costs: Approximately \$28,000 for the year ended September 30, 2014.

Cause: Management has not properly reported to HUD units that are considered "off-line" in the Low Rent Public Housing Program.

Effect: The Authority received approximately \$28,000 of subsidy during the year for low rent public housing units for which it was not entitled.

Auditor's Recommendation: The Authority should put into place internal controls to insure that all federal laws and regulations are properly implemented.

View of Responsible Officials and Corrective Actions: Management has requested permission through the local HUD field office to continue the "Men in Blue" program for fiscal year 2015 and will properly report the units to HUD as off-line on the next annual subsidy calculation.

IV. Schedule of Prior Year Audit Findings

**Finding 2013-1**

Condition: Of the vouchers examined it was noted that there were no vendor's certification attached.

Status: The finding has been cleared.

**Finding 2013-2**

Condition: One vendor who was awarded a contract through the sealed bid process was paid in excess of the amount of the contract.

Status: The finding has been cleared.

**HOUSING AUTHORITY OF THE CITY OF HOBOKEN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**SEPTEMBER 30, 2014**

IV. Schedule of Prior Year Audit Findings (continued)

**Finding 2013-3**

Condition: Five vendors were paid in excess of the \$26,000 bid threshold and in none of the five cases had a vendor been subjected to the sealed bid requirement. Additionally, of the five vendors tested, two were paid in excess of \$100,000.

Status: The finding remains open. See finding 2014-001.

**Finding 2013-4**

Condition: In excess of \$100,000 was charged on a store credit card over the course of the year with individual charges in excess of 15% of the local units bid threshold..

Status: The finding has been cleared.

**Finding 2013-5**

Condition: At the time of audit the accounting department was unable print a vendor history report subtotaled by vendor.

Status: The finding has been cleared.

**Finding 2013-6:**

Condition: Tenant files for the Section 8 Housing Choice Voucher Program and the Low Rent Public Housing Program are materially incomplete.

Status: The finding remains open. See finding 2014-002.

Hoboken Housing Authority						
NJ015						
Financial Data Schedule (FDS)						
September 30, 2014						
Line Item #	Account Description	Project Total	14,871 Housing Choice Vouchers	COCC	ELIM	TOTAL
<b>ASSETS:</b>						
CURRENT ASSETS:						
Cash:						
111	Cash - unrestricted	\$ 4,472,304	\$ 4,969	\$ -	\$ -	\$ 4,477,273
112	Cash - restricted - modernization and developmen	-	-	-	-	-
113	Cash - other restricted	2,560	132,195	-	-	134,755
114	Cash - tenant security deposits	360,945	-	-	-	360,945
115	Cash - restricted for payment of current liabilities	-	-	-	-	-
100	Total cash	4,835,809	137,164	-	-	4,972,973
Accounts and notes receivables						
121	Accounts receivable - PHA projects	-	-	-	-	-
122	Accounts receivable - HUD other project	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenant:	146,451	-	-	-	146,451
126	Allowance for doubtful accounts - tenant	(38,951)	-	-	-	(38,951)
126	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	28,403	-	-	-	28,403
128	Allowance for doubtful accounts - fraud	(8,521)	-	-	-	(8,521)
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances for doubtful account	127,382	-	-	-	127,382
Current investments						
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liabilities	-	-	-	-	-
142	Prepaid expenses and other assets	213,615	-	1,804	-	215,419
143	Inventories	-	-	-	-	-
143	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	131,823	-	-	(131,823)	-
145	Assets held for sale	-	-	-	-	-
150	TOTAL CURRENT ASSETS	5,308,629	137,164	1,804	(131,823)	5,315,774
NONCURRENT ASSETS:						
Fixed assets:						
161	Land	1,527,036	-	-	-	1,527,036
162	Buildings	58,874,498	-	-	-	58,874,498
163	Furniture, equipment & machinery - dwelling	11,645,968	-	-	-	11,645,968
164	Furniture, equipment & machinery - administrative	1,847,734	-	930,352	-	2,778,086
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(51,353,800)	-	(220,698)	-	(51,574,498)
167	Construction in Progress	265,000	-	-	-	265,000
168	Infrastructure	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	22,806,436	-	709,654	-	23,516,090
Other non-current assets:						
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
173	Grants Receivable Non Current	-	-	-	-	-
174	Other assets	-	-	-	-	-
175	Undistributed debits	-	-	-	-	-
176	Investment in joint venture:	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	22,806,436	-	709,654	-	23,516,090
190	TOTAL ASSETS	\$ 28,115,065	\$ 137,164	\$ 711,458	\$ (131,823)	\$ 28,831,864

Hoboken Housing Authority												
NJ015												
Financial Data Schedule (FDS)												
September 30, 2014												
Line Item #			Account Description	Project Total	14,871 Housing Choice Vouchers	COCC	ELIM	TOTAL				
<b>LIABILITIES AND EQUITY:</b>												
<b>Liabilities:</b>												
<b>Current Liabilities</b>												
311			Bank overdraft	\$ -		\$ -	\$ -	\$ -				
312			Accounts payable ≤ 90 days	516,241		69,618		585,859				
313			Accounts payable > 90 days past due					-				
321			Accrued wage/payroll taxes payabl	67,587	1,910	25,645		95,142				
322			Accrued compensated absences - current portior	22,745	137	34,000		56,882				
324			Accrued contingency liability					-				
325			Accrued interest payable	134,427				134,427				
331			Accounts payable - HUD PHA programs					-				
332			Accounts payable - PHA project:					-				
333			Accounts payable - other governmen	431,525				431,525				
341			Tenant security deposits	360,945				360,945				
342			Unearned revenue	32,125				32,125				
343			Current portion of L-T debt - capital project	475,000		144,785		619,785				
344			Current portion of L-T debt - operating borrowing			-		-				
345			Other current liabilities:					-				
346			Accrued liabilities - othe	245,094				245,094				
347			Interprogram - due to	-	70,804	61,019	(131,823)	-				
348			Loan liability - Curren					-				
310			<b>TOTAL CURRENT LIABILITIES</b>	<b>2,285,689</b>	<b>72,851</b>	<b>335,067</b>	<b>(131,823)</b>	<b>2,561,784</b>				
<b>NONCURRENT LIABILITIES:</b>												
351			Long-term debt, net of current - capital project	6,615,000		531,005		7,146,005				
352			Long-term debt, net of current - operating borrowing			-		-				
353			Non-current liabilities- othe					-				
354			Accrued compensated absences - noncurren	174,773	1,242	40,148		216,163				
355			Loan Liability - Non Curren					-				
356			FASB 5 Liabilities					-				
357			Accrued pension and OPEB liabilitie:					-				
350			<b>TOTAL NONCURRENT LIABILITIES</b>	<b>6,789,773</b>	<b>1,242</b>	<b>571,153</b>	<b>-</b>	<b>7,362,168</b>				
300			<b>TOTAL LIABILITIES</b>	<b>9,075,462</b>	<b>74,093</b>	<b>906,220</b>	<b>(131,823)</b>	<b>9,923,952</b>				
<b>EQUITY:</b>												
508			Invested in Capital Assets, Net of Related Deb	15,716,436		33,864		15,750,300				
511			Restricted Net Assets	2,560	132,195			134,755				
512			Unrestricted Net Assets	3,320,607	(69,124)	(228,626)		3,022,857				
513			<b>TOTAL EQUITY</b>	<b>19,039,603</b>	<b>63,071</b>	<b>(194,762)</b>	<b>-</b>	<b>18,907,912</b>				
600			<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 28,115,065</b>	<b>\$ 137,164</b>	<b>\$ 711,458</b>	<b>\$ (131,823)</b>	<b>\$ 28,831,864</b>				
			<b>Proof of concept</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				

Hoboken Housing Authority							
NJ015							
Financial Data Schedule (FDS)							
September 30, 2014							
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	COCC	ELIM	TOTAL
<b>REVENUE:</b>							
70300	Net tenant rental revenue	\$ 5,628,919	\$ -	\$ -	\$ -	\$ -	\$ 5,628,919
70400	Tenant revenue - other	-	-	-	-	-	-
70500	Total tenant revenue	5,628,919	-	-	-	-	5,628,919
70600	HUD PHA grants	6,081,470	661,412	2,744,922	-	-	9,487,804
70610	Capital grants	-	725,000	-	-	-	725,000
70710	Management fee	-	-	-	1,094,654	(1,094,654)	-
70720	Asset management fee	-	-	-	160,780	(160,780)	-
70730	Book keeping fee	-	-	-	139,215	(139,215)	-
70740	Front line service fee	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-
71100	Investment income - unrestricted	3,235	-	201	840	-	4,276
71200	Mortgage interest income	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	-	-	9,487	-	-	9,487
71500	Other revenue	179,769	-	-	979	-	180,748
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-
70000	<b>TOTAL REVENUE</b>	<b>11,893,393</b>	<b>1,386,412</b>	<b>2,754,610</b>	<b>1,396,468</b>	<b>(1,394,649)</b>	<b>16,036,234</b>
<b>EXPENSES:</b>							
Administrative							
91100	Administrative salaries	488,008	-	37,214	478,683	-	1,003,905
91200	Auditing fees	10,960	-	-	-	-	10,960
91300	Outside management fees	1,064,846	-	29,808	-	(1,094,654)	-
91310	Book-keeping fee	120,585	-	18,630	-	(139,215)	-
91400	Advertising and marketing	-	-	-	8,418	-	8,418
91500	Employee benefit contributions- administrative	343,722	-	8,519	375,627	-	727,868
91600	Office expenses	144,569	-	98	50,215	-	194,882
91700	Legal expenses	6,405	-	-	86,853	-	93,258
91800	Travel	100	-	-	4,018	-	4,118
91810	Allocated overhead	-	-	-	-	-	-
91900	Other	120,686	21,662	10,200	180,710	-	333,258
92000	Asset Management Fee	160,780	-	-	-	(160,780)	-
Tenant services							
92100	Tenant services - salaries	18,652	-	-	-	-	18,652
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefit contributions- tenant service	15,035	-	-	-	-	15,035
92400	Tenant services - other	49,928	-	-	1,152	-	51,080
Utilities							
93100	Water	858,925	-	-	-	-	858,925
93200	Electricity	1,398,256	-	-	-	-	1,398,256
93300	Gas	899,522	-	-	-	-	899,522
93400	Fuel	-	-	-	-	-	-
93500	Labor	93,818	-	-	-	-	93,818
93600	Sewer	1,363,833	-	-	-	-	1,363,833
93700	Employee benefit contributions- utilities	75,628	-	-	-	-	75,628
93800	Other utilities expense	-	-	-	-	-	-

<b>Hoboken Housing Authority</b>							
<b>NJ015</b>							
Financial Data Schedule (FDS)							
September 30, 2014							
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	COCC	ELIM	TOTAL
	Ordinary maintenance & operation	-	-	-	-	-	-
94100	Ordinary maintenance and operations - labor	1,412,237	-	-	-	-	1,412,237
94200	Ordinary maintenance and operations - materials & other	598,545	-	-	2,710	-	601,255
94300	Ordinary maintenance and operations - contract cost	1,244,331	-	-	13,419	-	1,257,750
94500	Employee benefit contributions- ordinary maintenance	1,138,425	-	-	-	-	1,138,425
	Protective services	-	-	-	-	-	-
95100	Protective services - labor	-	-	-	-	-	-
95200	Protective services- other contract cost	437,288	-	-	-	-	437,288
95300	Protective services - other	-	-	-	-	-	-
95500	Employee benefit contributions- protective service	-	-	-	-	-	-
	General expenses	-	-	-	-	-	-
96100	Insurance premiums	555,091	-	8,750	1,084	-	564,925
96200	Other general expenses	126,371	-	127,644	-	-	254,015
96210	Compensated absences	-	-	-	-	-	-
96300	Payments in lieu of taxes	113,771	-	-	-	-	113,771
96400	Bad debt - tenant rents	3,704	-	-	-	-	3,704
96500	Bad debt- mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96700	Interest expense	-	-	-	-	-	-
96710	Interest of mortgage (or bonds) payable	-	329,750	-	7,769	-	337,519
96730	Amortization of bond issue costs	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96900	<b>TOTAL OPERATING EXPENSES</b>	<b>12,864,021</b>	<b>351,412</b>	<b>240,863</b>	<b>1,210,658</b>	<b>(1,394,649)</b>	<b>13,272,305</b>
97000	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>(970,628)</b>	<b>1,035,000</b>	<b>2,513,747</b>	<b>185,810</b>	<b>-</b>	<b>2,763,929</b>
97100	Extraordinary maintenance	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	14,865	-	14,865
97300	Housing assistance payments	-	-	2,451,943	-	-	2,451,943
97350	HAP Portability - in	-	-	-	-	-	-
97400	Depreciation expense	3,073,699	-	-	177,413	-	3,251,112
97500	Fraud losses	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
90000	<b>TOTAL EXPENSES</b>	<b>15,937,720</b>	<b>351,412</b>	<b>2,692,806</b>	<b>1,402,936</b>	<b>(1,394,649)</b>	<b>18,990,225</b>
	<b>OTHER FINANCING SOURCES (USES)</b>						
10010	Operating transfers in	310,000	-	-	-	(310,000)	-
10020	Operating transfers out	-	(310,000)	-	-	310,000	-
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)	-	-	-	(234,572)	-	(234,572)
10091	Inter Project excess cash transfer in	561,580	-	-	-	(561,580)	-
10092	Inter Project excess cash transfer out	(561,580)	-	-	-	561,580	-
10093	Transfers between program and project in	-	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-	-
10100	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>310,000</b>	<b>(310,000)</b>	<b>-</b>	<b>(234,572)</b>	<b>-</b>	<b>(234,572)</b>
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>(3,734,327)</b>	<b>725,000</b>	<b>61,804</b>	<b>(241,040)</b>	<b>-</b>	<b>(3,188,563)</b>

Hoboken Housing Authority							
NJ015							
Financial Data Schedule (FDS)							
September 30, 2014							
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	COCC	ELIM	TOTAL
<b>MEMO ACCOUNT INFORMATION:</b>							
11020	Required annual debt principal payments	-	475,000		144,785		619,785
11030	Beginning equity	22,048,930	-	1,267	46,278		22,096,475
11040	Prior period adjustments and equity transfers	-	-	-	-		-
11170	Administrative fee equity	-	-	(69,124)			(69,124)
11180	Housing assistance payments equity	-	-	132,195			132,195
		-	-	63,071	-	-	63,071
11190	Unit months available	16,686	-	2,484			19,170
11210	Number of unit months leased	16,078	-	2,484			18,562
	Equity Roll Forward Test:						
	Calculation from R/E Statement	\$ 19,039,603		\$ 63,071	\$ (194,762)	\$ -	\$ 18,907,912
	B/S Line 513	\$ 19,039,603		\$ 63,071	\$ (194,762)	\$ -	\$ 18,907,912
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -