

HOUSING AUTHORITY OF THE  
TOWN OF HARRISON  
Harrison, New Jersey

COMPARATIVE FINANCIAL STATEMENTS  
For the Fiscal Years Ended  
March 31, 2015 and 2014

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
FINANCIAL STATEMENTS  
For the Fiscal Years Ended March 31, 2015 and 2014  
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HOUSING AUTHORITY OF THE TOWN OF HARRISON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2015

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**A – Financial Highlights**

1 – The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$6,929,816 (net position) as opposed to \$6,726,973 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of \$377,991.

3 – The Authority's cash and cash equivalents balance at March 31, 2015 was \$1,016,969, representing a decrease of \$7,321 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of \$2,266,121 and Total Operating Expenses of \$2,996,766 (including depreciation \$621,126) for the year ended March 31, 2015.

5 – The Authority's capital outlays for the fiscal year were \$930,981. All of the capital outlays were funded by the capital fund program.

6 – The Authority's Expenditures of Federal Awards amounted to \$1,650,613 for the fiscal year.

**B – Using the Annual Report**

1 – Management's Discussion and Analysis

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

2 – Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Comparative Statements of Net Position, the Comparative Statements of Revenues, Expenses and Changes in Net Position, and the Comparative Statements of Cash Flows.

The Comparative Statements of Net Position present information on the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Comparative Statements of Revenues, Expenses, and Changes in Net Position present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g.; depreciation and earned but unused vacation leave).

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
MARCH 31, 2015

**B – Using the Annual Report (Continued)**

2 – Financial Statements (Continued)

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 8 through 10.

3 – Notes to Financial Statements

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

4 – Supplemental Information

The Schedule of Expenditures of Federal Awards (SEFA) is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. The SEFA awards can be found on page 20 of this report.

**C – The Authority as a Whole**

The Authority's Net Position increased during the fiscal year as detailed below. The Authority's revenues are primarily 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 sufficient to cover all expenses, excluding depreciation during the fiscal year.

By far, the largest portion of the Authority's net position reflects its 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 not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

**D – Budgetary Highlights**

For the year ended March 31, 2015 individual program or grant budgets were prepared by Authority management and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The Authority also adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

**E - Capital Assets and Debt Administration**

1 – Capital Assets

As of March 31, 2015, the Authority's investment in capital assets for its Proprietary Fund was \$6,551,825 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
MARCH 31, 2015

**E - Capital Assets and Debt Administration (Continued)**

**1 – Capital Assets (Continued)**

Major capital assets purchased from grants of \$930,981 during the current fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Programs. These activities are funded by grants from HUD. No capital assets were purchased with operating funds during the fiscal year ended March 31, 2015.

Additional informational on the Authority's capital assets can be found in Note 5 to the Financial Statements which is included in this Report.

**2 – Long Term Debt**

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

**F - Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2016.

1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.

2 – The need for Congress to fund other initiatives and programs of the federal government, thereby decreasing funding available to public housing programs.

3 – The use of the Authority's Unrestricted Net Position of \$377,991 to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's Unrestricted Net Position appears sufficient to cover any shortfall.

**G - Significant Changes From March 31, 2014 to March 31, 2015**

Accounts Receivable HUD decreased \$66,452. The \$69,437 balance at March 31, 2014 represented operating subsidy that was received during the current fiscal year. The \$2,985 balance at March 31, 2015 represents capital fund money that is due from HUD.

Prepaid expenses and other current assets increased \$28,756. This increase is due primarily to the \$28,340 of deferred charges at March 31, 2015. These deferred charges were received from the State of New Jersey in November 2014. There were no deferred charges at March 31, 2014. Prepaid insurance also increased \$416.

Buildings and Improvements increased \$953,313 because these costs were transferred from Construction in Progress to Fixed Assets during the current fiscal year.

The \$46,698 increase in Accrued Post Employee Benefits represents the current year OPEB expense. See Note 9 for more details.

Compensated Absences increased \$23,880 due to the accrual of additional vacation and sick time for qualified employees of the Authority.

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
MARCH 31, 2015

**G - Significant Changes From March 31, 2014 to March 31, 2015 (Continued)**

Tenant revenue increased \$49,573. Although the number of public housing unit months leased decreased by 2 from the prior fiscal year, the average rent increased from \$457 to \$473.

HUD operating grants decreased \$60,669 primarily because the Low Rent Public Housing Operating Subsidy decreased \$43,511. This decrease is the direct result of the revised HUD funding formula.

Total operating expenses increased \$32,547, or 1.1%. The increase is primarily due to the \$32,007 increase in depreciation expense from the prior fiscal year.

Capital grants increased \$580,864 as the Authority continues to improve its tenant living conditions.

**H - 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 the Acting Executive Director, Housing Authority of the Town of Harrison, Harrison & Schuyler Avenue, Harrison, New Jersey 07029-1331, or call (973) 483-1488.

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
MARCH 31, 2015

Composition of Net Position is as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>March 31, 2015</u>	<u>March 31, 2014</u>		
Cash and Other Current Assets	\$ 1,101,969	\$ 1,146,673	\$ (44,704)	-3.90%
Capital Assets - Net	<u>6,551,825</u>	<u>6,241,970</u>	<u>309,855</u>	<u>4.96%</u>
Total Assets	7,653,794	7,388,643	265,151	3.59%
Less: Total Liabilities	<u>(723,978)</u>	<u>(661,670)</u>	<u>(62,308)</u>	<u>9.42%</u>
Net Position	<u>\$ 6,929,816</u>	<u>\$ 6,726,973</u>	<u>\$ 202,843</u>	<u>3.02%</u>
Invested in Capital Assets	\$ 6,551,825	\$ 6,241,970	\$ 309,855	4.96%
Unrestricted Net Position	<u>377,991</u>	<u>485,003</u>	<u>(107,012)</u>	<u>-22.06%</u>
Total Net Position	<u>\$ 6,929,816</u>	<u>\$ 6,726,973</u>	<u>\$ 202,843</u>	<u>3.02%</u>

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>March 31, 2015</u>	<u>March 31, 2014</u>		
<u>Revenues</u>				
Tenant Revenues	\$ 1,532,197	\$ 1,482,624	\$ 49,573	3.34%
HUD Subsidies	719,632	780,301	(60,669)	-7.78%
Other Income	<u>14,292</u>	<u>15,111</u>	<u>(819)</u>	<u>-5.42%</u>
Total Operating Revenues	<u>2,266,121</u>	<u>2,278,036</u>	<u>(11,915)</u>	<u>-0.52%</u>
<u>Expenses</u>				
Operating Expenses Excl. Depreciation	2,375,640	2,375,100	540	0.02%
Depreciation Expense	<u>621,126</u>	<u>589,119</u>	<u>32,007</u>	<u>5.43%</u>
Total Operating Expenses	<u>2,996,766</u>	<u>2,964,219</u>	<u>32,547</u>	<u>1.10%</u>
Excess of Operating Revenues Over Expenses	(730,645)	(686,183)	(44,462)	6.48%
<u>Non-Operating Revenues</u>				
Interest on Investments	<u>2,507</u>	<u>2,569</u>	<u>(62)</u>	<u>-2.41%</u>
Deficiency of Revenues Over Expenses Before Capital Grants Received	(728,138)	(683,614)	(44,524)	6.51%
<u>Capital Grants</u>				
HUD Capital Grants	<u>930,981</u>	<u>350,117</u>	<u>580,864</u>	<u>165.91%</u>
Change in Net Position	202,843	(333,497)	536,340	-160.8%
Net Position - Beginning Balance	<u>6,726,973</u>	<u>7,060,470</u>	<u>(333,497)</u>	<u>-4.72%</u>
Net Position - Ending Balance	<u>\$ 6,929,816</u>	<u>\$ 6,726,973</u>	<u>\$ 202,843</u>	<u>3.02%</u>



**CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the Town of Harrison  
Harrison, New Jersey

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the Town of Harrison ("the Authority") which comprise the Comparative Statements of Net Position as of March 31, 2015 and 2014 and the related Comparative Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

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



INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the Town of Harrison. The Financial Data Schedule and the Statement and Certification of Completed Modernization Grants 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 is presented for purposes 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*, and is also not a required part of the financial statements.

The Financial Data Schedule and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the Financial Data Schedule and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards* we have also issued our report dated August 7, 2015 on our consideration of the Housing Authority of the Town of Harrison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Polcari & Co., CPAs*

POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
August 7, 2015



HOUSING AUTHORITY OF THE TOWN OF HARRISON  
COMPARATIVE STATEMENTS OF NET POSITION

At March 31, 2015 and 2014

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 1,016,969	\$ 1,024,290
Accounts Receivable - HUD	2,985	69,437
Accounts Receivable - Tenants (Net)	3,799	4,483
Inventories (Net)	8,141	7,144
Prepaid Expenses and Other Current Assets	70,075	41,319
Total Current Assets	1,101,969	1,146,673
 <u>CAPITAL ASSETS</u>		
Land	188,597	188,597
Buildings and Improvements	14,772,142	13,818,829
Furniture, Equipment and Machinery	278,842	278,842
Construction in Progress	482,669	505,001
Total Fixed Assets	15,722,250	14,791,269
Less: Accumulated Depreciation	(9,170,425)	(8,549,299)
Net Fixed Assets	6,551,825	6,241,970
Total Assets	\$ 7,653,794	\$ 7,388,643
 <u>LIABILITIES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 85,085	\$ 102,747
Tenant Security Deposits	1,267	-
Deferred Revenue	6,621	6,397
Accrued Liabilities:		
Compensated Absences - Current Portion	108,465	103,288
Payment in Lieu of Taxes	97,790	89,889
Total Current Liabilities	299,228	302,321
Accrued Post-Employment Benefits	236,042	189,344
Accrued Compensated Absences - Noncurrent	188,708	170,005
Total Liabilities	723,978	661,670
 <u>NET POSITION</u>		
Net Investment in Capital Assets	6,551,825	6,241,970
Unrestricted Net Position	377,991	485,003
Total Net Position	\$ 6,929,816	\$ 6,726,973

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the Years Ended March 31, 2015 and 2014

	For the Year Ended	
	March 31, 2015	March 31, 2014
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 1,532,197	\$ 1,482,624
HUD Grants - Operating	719,632	780,301
Other Income	14,292	15,111
Total Revenues	2,266,121	2,278,036
<u>OPERATING EXPENSES</u>		
Administration	731,003	684,602
Tenant Services	-	-
Utilities	575,236	583,736
Ordinary Maintenance & Operations	861,723	857,752
General Expense	207,678	249,010
Depreciation Expense	621,126	589,119
Total Operating Expenses	2,996,766	2,964,219
 <b>EXCESS OF OPERATING REVENUE OVER EXPENSES</b>	 (730,645)	 (686,183)
 Non Operating Revenues/(Expenses):		
Interest Income	2,507	2,569
 Income / (Loss) Before Contributions and Transfers	 (728,138)	 (683,614)
Capital Grants	930,981	350,117
 <b>CHANGE IN NET POSITION</b>	 202,843	 (333,497)
Beginning Net Position	6,726,973	7,060,470
Ending Net Position	\$ 6,929,816	\$ 6,726,973

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
COMPARATIVE STATEMENTS OF CASH FLOWS  
For the Years Ended March 31, 2015 and 2014

	For the Year Ended	
	March 31, 2015	March 31, 2014
<b><u>CASH FLOWS FORM OPERATING ACTIVITIES</u></b>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 1,533,105	\$ 1,486,587
From Government Agencies for Operating Grants	786,084	710,864
For Other Operating Revenues	14,292	15,111
Cash Paid:		
To Employees for Operations	(854,979)	(788,930)
To Suppliers for Operations	(1,488,330)	(1,459,703)
Net Cash Provided/(Used) by Operating Activities	(9,828)	(36,071)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Capital Grants Received	930,981	350,117
Acquisition of Property and Equipment	(930,981)	(350,117)
Net Cash Provided/(Used) by Financing Activities	-	-
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Investment Income	2,507	2,569
Net Cash Provided/(Used) by Investing Activities	2,507	2,569
Net Increase/(Decrease) in Cash and Cash Equivalents	(7,321)	(33,502)
Cash and Equivalents at Beginning of Period	1,024,290	1,057,792
Cash and Equivalents at End of Period	\$ 1,016,969	\$ 1,024,290
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operations</b>		
Operating Income/(Loss)	\$ (730,645)	\$ (686,183)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities		
Depreciation	621,126	589,119
Decrease/(Increase) in Assets:		
Accounts Receivable - Tenants	684	4,493
Accounts Receivable - HUD	66,452	(69,437)
Inventories	(997)	1,106
Prepaid Expenses and Other Current Assets	(28,756)	7,022
Increase (Decrease) in Liabilities:		
Accounts Payable	(16,395)	40,746
Deferred Revenue - Tenant Prepaid Rent	224	(530)
Compensated Absences	23,880	33,855
Accrued Post-Employment Benefits	46,698	46,698
PILOT Payable	7,901	(2,960)
Net Cash Provided/(Used) by Operating Activities	\$ (9,828)	\$ (36,071)

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies:**

**1. Organization and Activities** – The Housing Authority of The Town of Harrison (the Authority) is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq., the “Housing Authority Act”). The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An executive director is appointed by the housing authority’s Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Town of Harrison, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government.

The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority’s reporting entity. The Authority has concluded that it is excluded from the Town’s reporting entity since the Town does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.

The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government over which the Authority’s Board of Commissioners and Executive Director exercise oversight responsibility. The federally funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both of which are included as Supplemental Information.

**2. Significant Accounting Policies**

**a. Basis of Accounting** – The financial statements of the Authority are prepared using the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net position, revenue and expenses are accounted for using a single enterprise fund for the primary government.

Revenue – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development, charges to tenants and other miscellaneous revenues discussed below.

Federal Grant Revenue – Operating subsidies and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule or as expenditures are made under the Capital Fund Program.

Tenant Charges – Rental charges to tenants are determined and billed monthly and are recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in the balance sheet as accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as deferred revenue.

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):**

Miscellaneous Income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available.

**b. Report Presentation** – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement NO. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that includes a statement of net position, a statement of activities and a statement of cash flows. It requires the classification of net position into three components – Net Investment in Capital Asset; Restricted Net Position and Unrestricted Net Position. Statement No. 63 requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

Net Investment in Capital Assets – This component consists of land, construction in progress and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Net Investment in Capital Assets. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

Restricted Net Position – This component includes net position subject to restrictions placed on net asset use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position that does not meet the definition of Restricted Net Position or Net Investment in Capital Assets.

The adoption of Governmental Accounting Standards Board Statements 34, 37 and 38 have no significant effect on the basic financial statements, except for the classification of net position in accordance with Statement No. 34.

Significant accounting policies are as follows:

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

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

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):**

5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

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

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

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

9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.

10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

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

12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

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

14 – Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2015, the Authority has not recognized any reduction in the carrying value of its fixed assets when considering SFAS 144.

**c. Budgetary Policy and Control** – The housing authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015

**NOTE 2 – Cash and Cash Equivalents**

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the institution's name.

Cash and Cash Equivalents of \$1,016,969 and \$1,024,290 at March 31, 2015 and 2014, respectively, consisted of the following:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Checking Accounts	\$ 1,015,769	\$ 1,023,090
Petty Cash Fund	<u>1,200</u>	<u>1,200</u>
Total Cash and Cash Equivalents	<u>\$ 1,016,969</u>	<u>\$ 1,024,290</u>

The carrying amount of the Authority's cash and cash equivalents held in banks as of March 31, 2015 was \$1,015,769 and the bank balances were \$1,006,037. Of the bank balances, \$250,000 was covered by FDIC insurance and \$756,037 was covered by a collateral pool maintained by the banks as required by New Jersey statute. Cash equivalents, except petty cash are held in the Authority's name. The Authority's cash and cash equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority. As described above, \$756,037 of the authority's deposits exceeded FDIC insurance and was covered under New Jersey's Governmental Unit Deposit Protection Act (GUDPA) which collateralizes securities held by the pledging institutions trust department but are not in the Authority's name.

**NOTE 3 – Deferred Revenue**

Deferred revenue of \$6,621 at and \$6,397 at March 31, 2015 and 2014, respectively, represents prepaid tenant rent.

**NOTE 4 – Tenant Accounts Receivable**

Tenant accounts receivable are stated net of an allowance for doubtful accounts. Management has determined that an allowance for doubtful accounts of \$1,266 was required at March 31, 2015 and \$1,495 was required at March 31, 2014.

**NOTE 5 - Fixed Assets**

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

Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred.



HOUSING AUTHORITY OF THE TOWN OF HARRISON  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015

**NOTE 5 - Fixed Assets (Continued)**

The following is a summary of the changes in fixed assets for the fiscal year ended March 31, 2015 and 2014:

	Balance Apr. 1, 2014	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2015
Land	\$ 188,597	\$ -	\$ -	\$ -	\$ 188,597
Buildings	12,439,257	-	-	830,792	13,270,049
Equipment	278,842	-	-	-	278,842
Leasehold Improvements	1,379,572	-	-	122,521	1,502,093
Construction in Progress	505,001	930,981	-	(953,313)	482,669
Total Fixed Assets	14,791,269	930,981	-	-	15,722,250
Accumulated Depreciation	(8,549,299)	(621,126)	-	-	(9,170,425)
Net Fixed Assets	<u>\$ 6,241,970</u>	<u>\$ 309,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,551,825</u>

	Balance Apr. 1, 2013	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2014
Land	\$ 188,597	\$ -	\$ -	\$ -	\$ 188,597
Buildings	11,851,984	-	-	587,273	12,439,257
Equipment	278,842	-	-	-	278,842
Leasehold Improvements	1,379,572	-	-	-	1,379,572
Construction in Progress	742,157	350,117	-	(587,273)	505,001
Total Fixed Assets	14,441,152	350,117	-	-	14,791,269
Accumulated Depreciation	(7,960,180)	(589,119)	-	-	(8,549,299)
Net Fixed Assets	<u>\$ 6,480,972</u>	<u>\$ (239,002)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,241,970</u>

Depreciation expense for the fiscal years ended March 31, 2015 and 2014 amounted to \$621,126 and \$589,119, respectively.

Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings and	40
Improvements	15
Furniture	5
Equipment	5
Vehicles	5
Computers	3

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015

**NOTE 6 – Payment in Lieu of Taxes (PILOT)**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town. Under the Cooperation Agreement, the Authority must pay the Town the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2015 and 2014, PILOT expense was accrued in the amount of \$97,790 and \$89,889 respectively.

**NOTE 7 – Accrued Compensated Absences**

Accrued compensated absences of \$297,173 and \$273,293 at March 31, 2015 and 2014, respectively, represent amounts of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service. Vacation leave may be carried to the next succeeding calendar year only. Employees may be compensated for sick leave at retirement based on one-half of the unused sick leave, payable at the salary rate earned at the time of separation. Activity in the long-term liabilities for the fiscal year ended March 31, 2015 consisted of the following:

	<u>April 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>March 31, 2015</u>	<u>Amounts Due Within 1 Year</u>
Accrued Compensated Absences	\$ 273,293	\$ 26,665	\$ (2,785)	\$ 297,173	\$ 108,465
Other Post-Employment Benefits	189,344	46,698	-	236,042	-
	<u>\$ 462,637</u>	<u>\$ 73,363</u>	<u>\$ (2,785)</u>	<u>\$ 533,215</u>	<u>\$ 108,465</u>

**NOTE 8 – Pension Plan**

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the New Jersey Division of Pensions and Benefits within the Department of Treasury, State of New Jersey. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide retirement, death and disability benefits, as well as medical benefits for certain qualified members and beneficiaries. Benefits paid to retired employees are based on length of service, latest earnings and veteran status.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues a publicly available financial report that includes the financial statements and required supplementary information. The report may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, CN-285, (609) 777-1777.

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and participating employers. Plan member and employee contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 5% of the base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority was required to make contributions of \$140,427 and \$136,224 to the system for the fiscal years ended March 31, 2015 and 2014, respectively.

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015

**NOTE 9 – Other Post-Employment Benefits (OPEB)**

**ANNUAL OPEB COST AND NET OPEB OBLIGATION**

The housing authority provides subsidized benefits at retirement for medical, dental, vision, life insurance and reimbursement for Medicare Part B premium reimbursement for individuals meeting eligibility requirements for the coverage. All benefits are provided for the lifetime of the retiree except for vision coverage which terminates at age 65. The funding policy for the Authority's OPEB contributions was established by and may be amended only by Board resolution.

The Authority's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of the working lifetime of the individual employee. The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

Annual Required Contribution	\$126,141
Interest on Net OPEB Obligation	\$7,132
Adjustment to Annual Required Contribution	\$(11,770)
Annual OPEB Cost (Expense)	\$121,503
Contributions Made	\$(74,805)
Increase in Net OPEB Obligation	\$46,698
Net OPEB Obligation – Beginning of Year	\$189,344
Net OPEB Obligation – End of Year	\$236,042

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
3/31/2013	\$ 99,439	51.24%	\$142,646
3/31/2014	\$121,503	87.46%	\$189,344
3/31/2015	\$121,503	87.46%	\$236,042

**FUNDED STATUS AND FUNDING PROGRESS**

As of April 1, 2014, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$2,574,814, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAL) of \$2,574,814.

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

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
 NOTES TO FINANCIAL STATEMENTS  
 MARCH 31, 2015

**NOTE 9 – Other Post-Employment Benefits (OPEB) (Continued)**

**ACTUARIAL METHODS AND ASSUMPTIONS**

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

The results were prepared and based on the Projected Unit Credit method. Valuation assumptions are based on a discount rate of 6% and the annual health care cost inflation rates of 9% declining to 1% per year to an ultimate trend assumption of 5%. The results are based on reviewing electronic census information (record-by-record review), retiree plan information, benefit cost information, and other summary information of retiree benefits and eligibility.

Actuarial Value of Assets:           Market Value  
 Amortization of Initial UAAL:     Amortized over thirty years.

Reconciliation of Plan Participation as of April 1, 2014

**ACTIVE EMPLOYEES**

	April 1, 2014	April 1, 2013
A. Average Age at Hire	43.2	42.2
B. Average Service	12.1	11.1
C. Average Current Age	54.43	53.3

Detailed summaries of assumptions, benefit provisions and demographic census information including in the actuarial report are prepared by Aquarius Capital. The opining actuary, Michael Frank, President at Aquarius Capital, is a member of the American Academy of Actuaries, Associate of the Society of Actuaries, and Fellow of the Conference of Consulting Actuaries, and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion the Housing Authority of the Town of Harrison.

**NOTE 10 – Risk Management**

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the year ended March 31, 2015, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

**NOTE 11 – Construction Commitments**

At March 31, 2015, the Authority's outstanding construction commitments pertained to its Capital Fund Programs. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015

**NOTE 12 – Economic Dependency**

For the year ended March 31, 2015, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

**NOTE 13 – Subsequent Events**

Events that occur after the balance sheet 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 balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through August 7, 2015, the date on which 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.

**HOUSING AUTHORITY OF THE TOWN OF HARRISON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended March 31, 2015

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
<u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA# 14.850)	\$ -	\$ 603,916	\$ 603,916	\$ -
Capital Fund Program (CFDA# 14.872)	<u>-</u>	<u>1,046,697</u>	<u>1,046,697</u>	<u>-</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>	<u>\$ -</u>	<u>\$ 1,650,613</u>	<u>\$ 1,650,613</u>	<u>\$ -</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.

## Harrison Housing Authority (NJ016)

Harrison, NJ

## Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,015,702	\$1,015,702		\$1,015,702
112 Cash - Restricted - Modernization and Development	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$0		\$0
114 Cash - Tenant Security Deposits	\$1,267	\$1,267		\$1,267
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0		\$0
100 Total Cash	\$1,016,969	\$1,016,969	\$0	\$1,016,969
121 Accounts Receivable - PHA Projects	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$2,985	\$2,985		\$2,985
124 Accounts Receivable - Other Government	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0		\$0
126 Accounts Receivable - Tenants	\$5,065	\$5,065		\$5,065
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,266	-\$1,266		-\$1,266
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0		\$0
129 Accrued Interest Receivable	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$6,784	\$6,784	\$0	\$6,784
131 Investments - Unrestricted	\$0	\$0		\$0
132 Investments - Restricted	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$70,075	\$70,075		\$70,075
143 Inventories	\$9,402	\$9,402		\$9,402
143.1 Allowance for Obsolete Inventories	-\$1,261	-\$1,261		-\$1,261
144 Inter Program Due From	\$0	\$0		\$0
145 Assets Held for Sale	\$0	\$0		\$0
150 Total Current Assets	\$1,101,969	\$1,101,969	\$0	\$1,101,969
161 Land	\$188,597	\$188,597		\$188,597
162 Buildings	\$13,156,636	\$13,156,636		\$13,156,636
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0		\$0
164 Furniture, Equipment & Machinery - Administration	\$278,842	\$278,842		\$278,842
165 Leasehold Improvements	\$1,615,506	\$1,615,506		\$1,615,506
166 Accumulated Depreciation	-\$9,170,425	-\$9,170,425		-\$9,170,425
167 Construction in Progress	\$482,669	\$482,669		\$482,669
168 Infrastructure	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,551,825	\$6,551,825	\$0	\$6,551,825
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0		\$0
174 Other Assets	\$0	\$0		\$0
176 Investments in Joint Ventures	\$0	\$0		\$0
180 Total Non-Current Assets	\$6,551,825	\$6,551,825	\$0	\$6,551,825
200 Deferred Outflow of Resources	\$0	\$0		\$0
290 Total Assets and Deferred Outflow of Resources	\$7,653,794	\$7,653,794	\$0	\$7,653,794

Harrison Housing Authority (NJ016)

Harrison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$83,760	\$83,760		\$83,760
313 Accounts Payable >90 Days Past Due	\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$1,325	\$1,325		\$1,325
322 Accrued Compensated Absences - Current Portion	\$108,465	\$108,465		\$108,465
324 Accrued Contingency Liability	\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0		\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$97,790	\$97,790		\$97,790
341 Tenant Security Deposits	\$1,267	\$1,267		\$1,267
342 Unearned Revenue	\$6,621	\$6,621		\$6,621
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0		\$0
345 Other Current Liabilities	\$0	\$0		\$0
346 Accrued Liabilities - Other	\$0	\$0		\$0
347 Inter Program - Due To	\$0	\$0		\$0
348 Loan Liability - Current	\$0	\$0		\$0
310 Total Current Liabilities	\$299,228	\$299,228	\$0	\$299,228
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0		\$0
353 Non-current Liabilities - Other	\$0	\$0		\$0
354 Accrued Compensated Absences - Non Current	\$188,708	\$188,708		\$188,708
355 Loan Liability - Non Current	\$0	\$0		\$0
356 FASB 5 Liabilities	\$0	\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$236,042	\$236,042		\$236,042
350 Total Non-Current Liabilities	\$424,750	\$424,750	\$0	\$424,750
300 Total Liabilities	\$723,978	\$723,978	\$0	\$723,978
400 Deferred Inflow of Resources	\$0	\$0		\$0
508.4 Net Investment in Capital Assets	\$6,551,825	\$6,551,825		\$6,551,825
511.4 Restricted Net Position	\$0	\$0		\$0
512.4 Unrestricted Net Position	\$377,991	\$377,991		\$377,991
513 Total Equity - Net Assets / Position	\$6,929,816	\$6,929,816	\$0	\$6,929,816
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,653,794	\$7,653,794	\$0	\$7,653,794



Harrison Housing Authority (NJ016)  
Harrison, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,507,077	\$1,507,077	\$0	\$1,507,077
70400 Tenant Revenue - Other	\$25,120	\$25,120	\$0	\$25,120
70500 Total Tenant Revenue	\$1,532,197	\$1,532,197	\$0	\$1,532,197
70600 HUD PHA Operating Grants	\$719,632	\$719,632	\$0	\$719,632
70610 Capital Grants	\$930,981	\$930,981	\$0	\$930,981
70710 Management Fee		\$0	\$0	\$0
70720 Asset Management Fee		\$0	\$0	\$0
70730 Book Keeping Fee		\$0	\$0	\$0
70740 Front Line Service Fee		\$0	\$0	\$0
70750 Other Fees		\$0	\$0	\$0
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$2,507	\$2,507	\$0	\$2,507
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$0
71500 Other Revenue	\$14,292	\$14,292	\$0	\$14,292
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0
70000 Total Revenue	\$3,199,609	\$3,199,609	\$0	\$3,199,609
91100 Administrative Salaries	\$352,501	\$352,501	\$0	\$352,501
91200 Auditing Fees	\$12,600	\$12,600	\$0	\$12,600
91300 Management Fee	\$0	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0
91400 Advertising and Marketing	\$0	\$0	\$0	\$0
91500 Employee Benefit contributions - Administrative	\$178,261	\$178,261	\$0	\$178,261
91600 Office Expenses	\$48,293	\$48,293	\$0	\$48,293
91700 Legal Expense	\$61,067	\$61,067	\$0	\$61,067
91800 Travel	\$6,165	\$6,165	\$0	\$6,165
91810 Allocated Overhead	\$0	\$0	\$0	\$0
91900 Other	\$72,116	\$72,116	\$0	\$72,116
91000 Total Operating - Administrative	\$731,003	\$731,003	\$0	\$731,003
92000 Asset Management Fee	\$0	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0
92200 Relocation Costs	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0
92400 Tenant Services - Other	\$0	\$0	\$0	\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water	\$135,702	\$135,702	\$0	\$135,702
93200 Electricity	\$211,664	\$211,664	\$0	\$211,664
93300 Gas	\$170,635	\$170,635	\$0	\$170,635
93400 Fuel	\$0	\$0	\$0	\$0
93500 Labor	\$36,298	\$36,298	\$0	\$36,298
93600 Sewer	\$0	\$0	\$0	\$0

Harrison Housing Authority (NJ016)  
Harrison, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities	\$20,937	\$20,937	\$0	\$20,937
93800 Other Utilities Expense	\$0	\$0	\$0	\$0
93000 Total Utilities	\$575,236	\$575,236	\$0	\$575,236
94100 Ordinary Maintenance and Operations - Labor	\$466,180	\$466,180	\$0	\$466,180
94200 Ordinary Maintenance and Operations - Materials and Other	\$73,979	\$73,979	\$0	\$73,979
94300 Ordinary Maintenance and Operations Contracts	\$52,668	\$52,668	\$0	\$52,668
94500 Employee Benefit Contributions - Ordinary Maintenance	\$268,896	\$268,896	\$0	\$268,896
94000 Total Maintenance	\$861,723	\$861,723	\$0	\$861,723
95100 Protective Services - Labor	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$22,568	\$22,568	\$0	\$22,568
96120 Liability Insurance	\$16,162	\$16,162	\$0	\$16,162
96130 Workmen's Compensation	\$41,320	\$41,320	\$0	\$41,320
96140 All Other Insurance	\$4,537	\$4,537	\$0	\$4,537
96100 Total Insurance Premiums	\$84,587	\$84,587	\$0	\$84,587
96200 Other General Expenses	\$0	\$0	\$0	\$0
96210 Compensated Absences	\$23,880	\$23,880	\$0	\$23,880
96300 Payments in Lieu of Taxes	\$97,790	\$97,790	\$0	\$97,790
96400 Bad debt - Tenant Rents	\$1,421	\$1,421	\$0	\$1,421
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$123,091	\$123,091	\$0	\$123,091
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,375,640	\$2,375,640	\$0	\$2,375,640
97000 Excess of Operating Revenue over Operating Expenses	\$823,969	\$823,969	\$0	\$823,969
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$0	\$0	\$0
97350 HAP Portability-In	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$621,126	\$621,126	\$0	\$621,126
97500 Fraud Losses	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0
90000 Total Expenses	\$2,996,766	\$2,996,766	\$0	\$2,996,766

Harrison Housing Authority (NJ016)  
Harrison, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	Subtotal	ELIM	Total
10010 Operating Transfer In	\$16,000	\$16,000	-\$16,000	\$0
10020 Operating transfer Out	-\$16,000	-\$16,000	\$16,000	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$202,843	\$202,843	\$0	\$202,843
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$6,726,973	\$6,726,973	\$0	\$6,726,973
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	3204	3204	0	3204
11210 Number of Unit Months Leased	3188	3188	0	3188
11270 Excess Cash	\$534,865	\$534,865		\$534,865
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$930,981	\$930,981		\$930,981
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0

HOUSING AUTHORITY OF THE TOWN OF HARRISON  
STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS  
 As of March 31, 2015

	<u>NJ39P016501-11</u> <u>CFP 2011 GRANT</u>	<u>NJ39P016501-12</u> <u>CFP 2012 GRANT</u>	<u>TOTAL</u>
Funds Approved	\$ 630,032	\$ 580,406	\$ 1,210,438
Funds Expended	<u>630,032</u>	<u>580,406</u>	<u>1,210,438</u>
Excess/(Deficiency) Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 630,032	\$ 580,406	\$ 1,210,438
Funds Expended	<u>630,032</u>	<u>580,406</u>	<u>1,210,438</u>
Excess/(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1. The distribution of cost by project and account classification accompanying the Financial Status Reports and Actual Modernization Cost Certificate submitted to HUD for approval were in agreement with the Authority's records.
2. All modernization costs have been paid and all related liabilities have been discharged through payment.
3. The actual modernization cost certificates submitted to HUD are in agreement with the Authority's records.



CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners  
Housing Authority of the Town of Harrison  
Harrison, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the financial statements of the Housing Authority of the Town of Harrison as of and for the year ended March 31, 2015 and have issued our report thereon dated August 7, 2015.

**Internal Control Over Financial Reporting**

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

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

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

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

**Compliance**

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

**Purpose of This Report**

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



POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
August 7, 2015



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
Housing Authority of the Town of Harrison  
Harrison, New Jersey

**Report on Compliance for Each Major Program**

We have audited the Housing Authority of the Town of Harrison's compliance 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 the entity's major federal programs for the year ended March 31, 2015. The Housing Authority of the Town of Harrison'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 each of its major federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the Town of Harrison'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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the housing authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

(Continued)

**Opinion on Each Major Program**

In our opinion, the Housing Authority of the Town of Harrison complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2015.

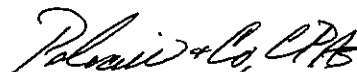
**Report on Internal Control Over Compliance**

Management of the Housing Authority of the Town of Harrison is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the Town of Harrison's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

This 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 our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
August 7, 2015



HOUSING AUTHORITY OF THE TOWN OF HARRISON  
Harrison, New Jersey  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
March 31, 2015

PRIOR AUDIT FINDINGS

The prior audit contained no findings.

CURRENT AUDIT FINDINGS

**SECTION 1 - SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

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

Significant Deficiency(s) identified that are not  
considered to be material weakness(es)?      \_\_\_\_\_ yes        X   none reported

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

**Federal Awards**

Internal Control over Major Programs:

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

Significant Deficiency(s) identified that are  
not considered to be material weakness(es)?      \_\_\_\_\_ yes        X   none reported

Type of audit report issued on compliance for  
major programs:

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a) of  
Circular A-133

\_\_\_\_\_ yes        X   no

Identification of Major Programs

CFDA

Number    Name of Federal Program or Cluster

14.850    Low Rent Public Housing Program

14.872    Capital Fund Program

Dollar Threshold used to distinguish between type A  
and type B Programs

\$300,000

Auditee qualified as low-risk?

  X   yes      \_\_\_\_\_ no

**SECTION 2 – FINANCIAL STATEMENT FINDINGS**

None.

**SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.