HOUSING AUTHORITY OF THE
CITY OF HACKENSACK
Hackensack, New Jersey

FINANCIAL STATEMENTS
For the Years Ended
September 30, 2017 and 2016

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
FINANCIAL STATEMENTS

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
At September 30, 2017

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 September 30, 2017. 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 $19,984,746 (net position) as opposed to $20,391,725 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 $(467,020) as opposed to $495,212 in the prior fiscal year.

3 – The Authority's unrestricted cash and cash equivalent at September 30, 2017 was $3,901,148 representing an increase of $1,243,068 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of $5,339,929, and Total Operating Expenses of $6,015,338 for the year ended September 30, 2017.

5 – The Authority's capital outlays for the fiscal year were $591,781 of which $237,907 was funded by the Capital Fund Program.

6 – The Authority's Expenditures of Federal Awards amounted to $2,257,748 for the current 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 financial statements and Notes to Financial Statements included in the this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

2 – General Purpose 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 Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

The Statement of Net Position presents information on all 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 Statement of Revenues, Expenses, and Changes in Net Position presents 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).

MANAGEMENT'S DISCUSSION AND ANALYSIS – 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, Schedule of Proportionate Share of Pension Liability of Public Employees Retirement System and Schedule of Authority Contribution to the Public Employees Retirement System are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule of Expenditures of Federal Awards can be found on page 25 of this report. The Schedule of Proportionate Share of Pension Liability of Public Employees Retirement System and Schedule of Authority Contribution to the Public Employees Retirement System can be found of pages 31 and 32, respectively.

C – The Authority as a Whole

The Authority's Net Position decreased by $406,979 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 exceed expenses by $335,664, excluding depreciation for the fiscal year September 30, 2017. However Net Position decreased due to the recording of depreciation which affects only the Net Investment in Capital Assets component of Equity.

By far, the largest portion of the Authority's net position reflects 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 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 September 30, 2017, individual program or grant budgets were prepared by the Authority and were approved 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.

As indicated by the excess of revenues over expenses, when adjusted by depreciation expense, the Authority's Net Position decreased during the fiscal year. The decrease primarily due to the refinancing of debt related to the conversion to RAD.

E – Capital Assets and Debt Administration

As of September 30, 2017, the Authority's investment in capital assets for its Proprietary Fund was $21,930,467 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress. Major capital assets purchased from grants of $237,907, during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Programs. These activities are funded by grants from HUD.

Additional information on the Authority's capital assets can be found in Note 4 to the Financial Statements which is included in this Report.

2 – Long Term Debt

During the fiscal year ended September 30, 2005, the Authority entered into a Capital Fund Leveraging Pool. The New Jersey Housing and Mortgage Finance Agency issued bonds and the funds were distributed to the Housing Authority. In December 2004, the Authority received $4,217,333 to be used for capital improvements to its buildings. Further details can be found in the Note 7 to the financial statements. On July 14, 2017 the Housing Authority converted all of its housing units to HUD's Rental Assistance Demonstration Program (RAD). At the same time it entered into a $3,150,000 term loan note. The proceeds of the note were used to repay the NJ HMFA Revenue Bonds. The remaining proceeds of the note will be used to make capital improvements to the Authority's housing units.

F – Significant Changes from FYE September 30, 2017 to September 30, 2016

Restricted Cash increased due to the conversion to RAD. The proceeds will be used to fund capital improvements to the housing units and fund the replacement reserve fund.

Accounts Receivable HUD decreased due to the timing of grant funds requested from HUD. This amount will vary from year to year depending of the grant and timing of draw requests.

Investments decreased due to the conversion to RAD. Maturing CD's were not renewed.

Accounts Payable increased due to accounting fees and costs related to the RAD conversion.

Accrued interest and Mortgage Revenue Bonds decreased due to the repayment of the NJHMFA Revenue Bonds with the Proceeds from the 18 year Note entered into upon the RAD closing.

Accrued OPEB and Pension Liability decreased. The decrease is due to changes in the annual actuarially calculated pension liability. These amounts are adjusted each year based in part on the investment results of the state pension fund.

Gas costs increased due to at 13% increase in consumption during the current fiscal year.

H – 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 September 30, 2018:

1 – The state of the economy, particularly in light of current world affairs.

2 – The use of the Authority's Unrestricted Net Position to fund any shortfalls rising from a possible economic downturn and reduced subsidies and grants. The Authority's Unrestricted Net Position appears sufficient to cover any shortfall.

I – Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Hackensack, 65 First Street, Hackensack, NJ or call (201) 342-4280.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Computation of Net Position are as Follows:

	Year End 9/30/2017	Year End 9/30/2016	Variance
Cash and Other Current Assets	$ 6,105,867	$ 4,934,483	$ 1,171,384
Capital Assets - Net	21,930,467	22,404,759	(474,292)
Deferred Outflow of Resources	710,709	1,027,575	(316,866)
Total Assets	28,747,043	28,366,817	697,092
Less: Liabilities	8,166,034	7,887,545	278,489
Less: Deferred Inflow of Resources	596,263	87,547	508,716
Net Position	19,984,746	20,391,725	418,603
Net Investment in Capital Assets	18,784,550	19,889,759	(1,105,209)
Restricted Net Position	1,667,216	6,754	1,660,462
Unrestricted Net Position	(467,020)	495,212	(962,232)
Total Net Position	$ 19,984,746	$ 20,391,725	$ (406,979)

Computation of Changes in Net Position are as Follows:

Revenues			
Tenant Revenues	$ 2,822,029	$ 2,681,418	$ 140,611
HUD Subsidies	2,019,841	1,608,766	411,075
Other Revenues	498,059	480,984	17,075
Total Operating Revenues	5,339,929	4,771,168	568,761
Expenses			
Total Operating Expenses	4,997,642	4,753,285	244,357
Extraordinary Maintenance	37,146	37,399	(253)
Depreciation Expense	980,550	981,249	(699)
Total Operating Expenses	6,015,338	5,771,933	243,405
Excess (Deficiency) of Operating Revenues over Expenses	(675,409)	(1,000,765)	325,356
Non-Operating Income			
Gain on Sale of Capital Assets	-	819	
Interest on Investments	30,523	14,470	16,053
Excess of Revenues over Expenses Before Capital Grants Received	(644,886)	(985,476)	340,590
Capital Grants			
HUD Capital Grants	237,907	277,169	(39,262)
Current Year Excess/(Deficiency)	(406,979)	(708,307)	301,328
Net Position - Prior	20,391,725	21,100,032	(708,307)
Total Net Position	$ 19,984,746	$ 20,391,725	$ (406,979)

POLCARI & CO.

CERTIFIED PUBLIC ACCOUNTANTS

2035 HAMBURG TURNPIKE, UNIT H
WAYNE, NEW JERSEY 07470
TELEPHONE: (973) 831-6969
FAX: (973) 831-6972
E-MAIL: POLCARICO@OPTONLINE.NET

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Hackensack
Hackensack, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Hackensack ("the Authority") which are comprised of the Statement of Net Position as of September 30, 2017 and 2016 and the related Statement of Revenues, Expenses and Changes in Net Position and Cash Flows and Notes to the financial statements for the for the year 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 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 City of Hackensack, as of September 30, 2017 and 2016, 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 and the Schedule of Proportionate Share of Pension Liability of Public Employees Retirement System and Schedule of Authority Contribution to the Public Employees Retirement System presented on pages 31 and 32, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures don not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the City of Hackensack. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. Code of Federal Regulations (CFR)Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Additionally, the Statement and Certification of Completed Capital Fund Program Grants is supplemental information and is presented for the purpose of additional analysis and is not a required part of these financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* We have also issued our report dated June 21, 2018 on our consideration of the Housing Authority of the City of Hackensack'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 & Company

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 21, 2018

POLCARI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
Hackensack, New Jersey
COMPARATIVE STATEMENT OF NET POSITION
At September 30, 2017 and 2016

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents - Unrestricted	$ 3,901,148	$ 2,658,080
Cash - Restricted	1,667,216	6,754
Cash - Tenant Security Deposits	197,326	185,545
Accounts Receivable - Tenants (Net of Allowance of $8,126 and $8,126 respectively)	6,949	3,260
Accounts Receivable - HUD Operating Subsidy	-	236,012
Investments	230,075	1,751,599
Accounts Receivable - Other	56,731	49,090
Accrued Interest Receivable	144	838
Prepaid Expenses	46,278	43,305
Total Current Assets	6,105,867	4,934,483
FIXED ASSETS		
Land	2,202,669	2,202,669
Buildings	27,774,017	27,465,514
Dwelling Equipment	706,406	685,936
Furniture & Fixtures	842,305	817,403
Leasehold Improvements	4,950,729	4,950,729
Construction in Process	500,066	347,683
Total Fixed Assets	36,976,192	36,469,934
Less: Accumulated Depreciation	(15,045,725)	(14,065,175)
Net Fixed Assets	21,930,467	22,404,759
Deferred Outflow of Resources	710,709	1,027,575
Total Assets	$ 28,747,043	$ 28,366,817

LIABILITIES, NET POSITION AND DEFERRED INFLOW OF RESOURCES

	2017	2016
CURRENT LIABILITIES		
Accounts Payable:		
Vendors and Contractors	$ 146,816	$ 104,441
Wages	22,496	30,525
Other	113,653	116,390
Due to Tenants:		
Security Deposits	197,326	185,545
Accrued Liabilities:		
Compensated Absences	19,906	17,847
Accrued Interest Payable	-	44,256
Payment in Lieu of Taxes	361,150	321,202
Current Portion Long Term Debt	53,550	215,000
Deferred Revenues:		
Tenant Prepaid Rents	18,907	16,614
Total Current Liabilities	933,804	1,051,820
LONG TERM LIABILITIES		
Compensated Absences	179,151	167,633
Long Term Debt	3,092,367	2,300,000
Accrued Pension and OPEB Liability	3,960,712	4,368,092
Total Long Term Liabilities	7,232,230	6,835,725
Total Liabilities	8,166,034	7,887,545
Deferred Inflow of Resources	596,263	87,547
NET POSITION		
Net Investment in Capital Assets	18,784,550	19,889,759
Restricted	1,667,216	6,754
Unrestricted	(467,020)	495,212
Total Net Position	19,984,746	20,391,725

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
Hackensack, New Jersey
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Dwelling Rentals	$ 2,822,029	$ 2,681,418
HUD Operating Grants	2,019,841	1,608,766
Other Income	498,059	480,984
Total Revenues	5,339,929	4,771,168
EXPENSES		
Administration	1,046,697	1,119,068
Tenant Services	366,682	353,295
Utilities	988,212	903,711
Ordinary Maintenance & Operations	1,287,818	1,302,852
Protective Services	175,000	200,000
General Expense	1,022,247	751,203
Nonroutine Maintenance	37,146	37,399
Depreciation Expense	980,550	981,249
Interest Expense	110,986	123,156
Total Operating Expenses	6,015,338	5,771,933
Operating Income/(Loss)	(675,409)	(1,000,765)
Non Operating Revenues/(Expenses):		
Gain/Loss on Sale of Capital Assets	-	819
Interest Income Unrstricted	20,671	14,432
Interest Income Restricted	9,852	38
Net Operating Income/(Loss) Before Contributions and Transfers	(644,886)	(985,476)
Capital Grants	237,907	277,169
Net Income/(Loss)	(406,979)	(708,307)
Beginning Net Position	20,391,725	21,100,032
Ending Net Position	$ 19,984,746	$ 20,391,725

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
Hackensck, New Jersey
COMPARATIVE STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2016 and 2015

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
From Tenants for Rental & Other Income	$ 2,820,633	$ 2,699,780
From Government Agencies for Operating Grants	2,255,853	1,653,957
From Other Operating Revenues	490,418	480,984
Cash Paid		
To Employees for Operations	(827,443)	(874,184)
To Suppliers for Operations	(3,665,715)	(3,476,292)
Net Cash Provided by Operating Activities	1,073,746	484,245
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Capital Grants Received	237,907	277,169
Repayment of Long Term Debt	(2,519,083)	(205,000)
Proceeds from Borrowings	3,150,000	-
Cash Received for the Sale Fixed Assets	-	819
Acquisition of Property & Equipment	(591,781)	(151,069)
Net Cash Used by Capital & Related Financing Activities	277,043	(78,081)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Received from Sale of Investments	1,521,524	(7,886)
Cash Receivd for Tenant Security Deposits	11,781	6,979
Investment Income	31,217	6,715
Net Cash Provided by Investing Activities	1,564,522	5,808
Net Increase (Decrease) in Cash & Cash Equivalents	2,915,311	411,972
Cash & Equivalents at Beginning of Period	2,850,379	2,438,407
Cash & Equivalents at End of Period	$ 5,765,690	$ 2,850,379
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) IN OPERATIONS		
Operating Income/(Loss)	$ (675,409)	$ (1,000,765)
Adjustments to reconcile Operating Income/(Loss) to Net Cash Provided/(Used) in Operating Activities:		
Depreciation	980,550	981,249
Deferred Outflow of Resources	316,866	(553,537)
Deferred Inflow of Resources	508,716	(62,969)
RAD Costs Previosuly Capitalized, Expenesd in Current Year	85,523	-
Decrease (Increase) in Assets		
Accounts Receivable - Tenants	(3,689)	13,105
Accounts Receivable - Other	(7,641)	707
Accounts Receivable HUD	236,012	45,191
Prepaid Expenses	(2,973)	(236)
Increase/(Decrease) in Liabilities		
Accounts Payable	31,609	(149,764)
PILOT Payable	39,948	40,291
Accrued Expenses	(30,679)	14,352
Accrued Pension and OPEB Liability	(407,380)	1,151,364
Deferred Revenues - Prepaid Rents	2,293	5,257
Net Cash Provided to Operating Activities	$ 1,073,746	$ 484,245

Cash paid for Interest was $122,403

See Notes to Financial Statements.

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

A. **Organization** – The Housing Authority of the City of Hackensack (The Authority) is a governmental, public corporation created under the laws of the state of New Jersey to provide housing for qualified individuals in accordance with rules and regulations prescribed by the United States Department of Housing and Urban Development. The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the 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. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the City of Hackensack. Operating and modernization subsidies are provided to the Authority by the federal government.

B. **Activities** – The combined financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any Governmental "reporting entity" since its board members, while they are appointed primarily by the mayor, have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

On July 14, 2017, the Authority converted all its public housing properties to HUD's Rental Assistance Demonstration Program (RAD). Under RAD the PHA will cease to receive operating and capital fund subsidies but rather will receive HAP Payments to subsidize tenants rent. Simultaneously, the Authority entered into a shared services agreement with the Edgewater Housing Authority to act as the contract administrator under each RAD PBV HAO contract between the Authority and Edgewater Housing Authority.

C. **Significant Accounting Policies**

a. **Basis of Accounting** – The accrual basis of accounting is used for measuring financial position and operating results of Proprietary Fund Types. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Proprietary Fund revenues and expenses are recognized on the accrual basis, with revenues recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Thus, for example, proprietary funds recognized revenue in the period in which a service is provided, regardless of how long after the end of the period the revenue is expected to be collected.

Using the accrual basis of accounting is consistent with the proprietary fund focus on measuring all the costs of providing goods or services for the period and matching those costs with the revenues earned during the period by providing the goods or services.

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 supplements Statement No. 34.

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

Statement No. 34 established standards for all state and local governmental entities that include a statement of net assets, a statement of activities and a statement of cash flows. It requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets. Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources, and Net Position" 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 assets 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, certificates of deposit, and other investments with original maturities of less than three months from the date of purchase.

Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

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

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

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

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.

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

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 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 Procedures 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 September 30, 2017 and 2016, the Authority has not recognized any reduction in the carrying value of its fixes assets when considering AU 360.

15. The Housing Authority has adopted GASB 65. Under GASB 65, debt issuance costs are expensed in the period incurred. This represents a significant change from the previous practice which was to record these costs as assets and amortize them over the life of the related debt.

c. Budgetary Policy Control – The 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 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.

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

d. The Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions* which requires employers to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. Additional information regarding the adoption of GASB 68 can be found in Note 6 to these financial statements.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash, cash equivalents and investments in local banks. The funds are covered by collateral agreements that require the institution to pool collateral for all governmental deposits. In addition, the collateral must be held by an approved custodian in the Authority's name. Cash and cash equivalents of $5,765,690 and $2,850,380 at September 30, 2017 and 2016 consisted of the following:

	2017	2016
Checking Accounts	$ 3,900,998	$ 2,664,685
Restricted Cash	1,667,216	-
Security Deposits	197,326	185,545
Petty Cash	150	150
	$ 5,765,690	$ 2,850,380

The carrying amount of the Authority's cash and cash equivalents on deposit as of September 30, 2017 was $5,765,540 and the bank balances were $5,765,175. Of the bank balances, $256,880 was covered by FDIC insurance and $5,508,294 was covered by a third party collateral agreement.

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, $5,508,294 of the Authority's deposits exceeded FDIC insurance and were collateral agreements required by the State of New Jersey.

NOTE 3 – Investments

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

Investments consisted of the following at September 30, 2017 and 2016:

NOTE 3 – Investments - Continued

	2017
f Deposits with a maturity date of from the date of acqusition	$ 230,075

	2016
Certificate of Deposit with a maturity of one year from date of acquisisiton	$ 1,751,599

Investments are measured at fair value. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are adjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 inputs provide the most realizable measure of fair value as of the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All of the Authority's investments at September 30, 2017 and 2016 are included in Level 1 of the hierarchy.

NOTE 4 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the fixed asset changes for the fiscal years ended September 30, 2017 and 2016

	Oct 1, 2016	Additions	Disposals	Other	Sep 30, 2017
Land	$ 2,202,669	$ -	$ -	$ -	$ 2,202,669
Buildings & Improvements	27,465,514	112,040	-	196,463	27,774,017
Furniture & Equipment- Dwelling	685,936	20,470	-	-	706,406
Furniture & Equipment - Admin	817,403	24,902	-	-	842,305
Leasehold Improvements	4,950,729	-		-	4,950,729
Construction in Progress	347,683	434,370	(85,524)	(196,463)	500,066
Total	36,469,934	591,782	(85,524)	-	36,976,192
Accumulated Depreciation	(14,065,175)	(980,550)	-	-	(15,045,725)
Net	$ 22,404,759	$ (388,768)	$ (85,524)	$ -	$ 21,930,467

NOTE 4 - Fixed Assets - Continued

	Oct 1, 2015	Additions	Disposals	Other	Sep 30, 2016
Land	$ 2,202,669	$ -	$ -	$ -	$ 2,202,669
Buildings & Improvements	26,426,065	-	-	1,039,449	27,465,514
Furniture & Equipment - Dwelling	622,253	47,683	-	16,000	685,936
Furniture & Equipment - Admin	795,398	31,217	(23,212)	14,000	817,403
Leasehold Improvements	4,950,729	-	-	-	4,950,729
Construction in Progress	1,344,963	72,169	-	(1,069,449)	347,683
Total	36,342,077	151,069	(23,212)	-	36,469,934
Accumulated Depreciation	(13,107,138)	(981,249)	23,212	-	(14,065,175)
Net	$ 23,234,939	$ (830,180)	$ -	$ -	$ 22,404,759

Expenditures are capitalized when they meet the Authority's Capitalization Policy requirements. Under that policy, assets purchased or constructed at a cost not exceeding $1,000 are expensed when incurred. Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	Years
Buildings	40
Components	20
Site Improvements	15
Furniture	10
Equipment	5
Vehicles	5
Computers	3

Depreciation expense for the fiscal years ended September 30, 2017 and 2016 was $980,550 and $981,249 respectively.

NOTE 5 – Payment in Lieu of Taxes (PILOT)

Under Federal, State and local law, the Authority's programs are exempt form income, property and excise taxes. However, the Authority entered into a new agreement with the city and is now 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 City of Hackensack. Under the Cooperation Agreement, the Authority must pay the municipality the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended September 30, 2017 and 2016 PILOT expense of $183,381 and $177,771 was accrued respectively.

NOTE 5 – Accrued Compensated Absences

Accrued compensated absences of $199,057 and $185,480 at September 30, 2017 and 2016 respectively represents amounts to which employees are entitled to based on accumulated leave earned in accordance with the authority's Personnel Policy. Employees may be compensated for accumulated vacation leave up to one year in the event of retirement from service at the current salary. Employees may be compensated for sick leave at retirement or termination at 75-100% of the earned, accrued and unused sick leave at the current salary to a maximum of $15,000. The current portion was$ 19,906 and $17,847 respectively at September 30, 2017 and 2016.

NOTE 6 – Pension Plan

General Information about the Pension Plan

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: www.state.nj.us/terasury/pensions/annrpts.shtml.
Benefits Provided - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

- Tier 1 – Members who were enrolled by July 1, 2007.
- Tier 2 – Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
- Tier 3 – Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
- Tier 4 – Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
- Tier 5 – Members who were eligible to enroll on or after June 28, 2011.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and to tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for the noncontributory group benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited

NOTE 6 – Pension Plan - Continued

with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At the June 30, 2017 and June 30, 2016 measurement dates, the Authority reported $3,419,593 and $4,347,027, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of June 30, 2017 and June 30, 2016 were 0.0110747790% and 0.0111576535%, respectively.

The components of the Authority's net pension liability as of June 30, 2015, the most recent evaluation date is as follows:

	2017	2016
Total Pension Liability	$ 4,967,301	$ 5,520,215
Plan Fiduciary Net Position	2,389,269	2,215,638
Net Pension Liability	$ 2,578,032	$ 3,304,577

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Actuarial Assumptions - The total pension liability as of June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases Through 2026	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age
Investment Rate of Return	7.00%

NOTE 6 – Pension Plan - Continued

Pre-retirement mortality rates were based on the RP-2000 Employee Mortality Table for male and female active participants. For Authority employees, mortality tables were set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disables retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actuarial experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact will be on future financial statements. In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer after consultation with the Director of the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2017 are summarized in the following table:

NOTE 6 – Pension Plan - Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017.This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made as the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make future projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 6 – Pension Plan - Continued

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the collective net pension liability of the Authority as of June 30, 2017 and June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease	At June 30 Discount Rate	At 1% Increase
2017	$ 3,198,223	$ 2,578,032	$ 2,061,337
2016	$ 4,049,373	$ 3,304,577	$ 1,994,652

For the year ended September 30, 2017, the Authority recognized pension expense of $201,634. At September 30, 2017 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017 Deferred Outflows of Resources	2017 Deferred Inflows of Resources	2016 Deferred Outflows of Resources	2016 Deferred Inflows of Resources
Changes of assumptions	$ 519,385	$ 517,480	$ 684,532	$ -
Differences between expected and actual experience	60,704	-	61,455	-
Net differences between projected and actual earnings on plan investments	17,555	-	126,007	-
Changes in proportion	113,065	78,783	155,581	87,547
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	$ 710,709	$ 596,263	$ 1,027,575	$ 87,547

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) relate to pensions will be recognized in pension expense as shown in the below chart. The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48,5.57, 5.72, and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

Year	Amortization
2018	$ 538,063
2019	811,950
2020	492,000
2021	(654,361)
2022	(476,942)
Total	$ 710,709

NOTE 7 – Long Term Debt

During the fiscal year ended September 30, 2005, 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. The Authority's share of the funds from the bond issue pool amounted to $4,335,000. The related closing costs of $117,667 are to be amortized over the 20 year life of the bonds. The net funds received form the leveraging pool were restricted and spent in accordance with the Authority's Capital Fund Budget within four years.

On July 14, 2017, the Authority converted all of its public housing units to HUD's Rental Assistance Demonstration Program or RAD. Simultaneously they entered into a $3,150,000, 4.25% fixed interest note. The note is being amortized over 18 years and has a balloon payment of $1,761,570 on the maturity date, August 1, 2035. Principal and interest payments are $15,611 and began on September 1, 2017. The proceeds from the note were used to satisfy the outstanding tax exempt NJ HMFA bonds.

The following is a schedule of required principal payments for the next five years and thereafter:

Year	Principal	Interest	Total
2018	$ 52,815	$ 134,517	$ 187,332
2019	55,135	132,197	187,332
2020	57,195	130,138	187,333
2021	60,072	127,260	187,332
2022	62,712	124,620	187,332
2023-2035	2,857,989	1,314,032	4,172,021
	$ 3,145,918	$ 1,962,764	$ 5,108,682

NOTE 8 – 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 years ended September 30, 2017 and 2016 the Authority's risk management program 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 9 – Other Post Employee Retirement Benefits (OPEB)

The Authority's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of employer ("ARC"), an amount actuarially determined in accordance with parameters of GASB Statement No. 45 . The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years. The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

NOTE 9 – Other Post Employee Retirement Benefits (OPEB)

	2017	2016
Annual Required Contribution	$ 310,041	296,696
Interest on net OPEB obligation	42,541	30,561
Adjustment to annual required contribution	85,229	85,229
Annual OPEB cost (expense)	437,811	412,486
Contributions made	(118,646)	(112,986)
Net OPEB Cost	319,165	299,500
Net OPEB Obligation – Beginning of Year	1,063,515	764,015
Net OPEB Obligation – End of Year	$ 1,382,680	$ 1,063,515

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2017 and 2016 fiscal year and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	$ 191,739	0.47	$ 486,048
9/30/2015	388,660	0.29	764,015
9/30/2016	412,486	0.28	1,063,515
9/30/2017	437,811	0.27	1,382,680

FUNDED STATUS AND FUNDING PROGRES

As of September 30, 2017 the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was $4,208,241 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $4,208,241.

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

NOTE 9 – Other Post Employee Retirement Benefits (OPEB)

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

Actuarial Cost Method — Projected Unit Credit

Investment Rate of Return — 5.00% per annum

Healthcare Trend Rates

Year	Medical Including Prescription
2017	9.0%
2018	8.0%
2019	7.0%
2020	6.0%
2021	5.0%

Actuarial Value of Assets:	N/A
Amortization of UAAL:	Amortized as level dollar amount over 30 years at transition
Remaining Amortization Period:	22 years at September 30, 2017

Reconciliation of Plan Participation

The plan has a total of 25 employees. 14 are active and 11 are retirees.

NOTE 10 – Construction Commitments

At September 30, 2017 and 2016, the authority's outstanding construction commitments pertaining to its capital fund were not material. 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.

NOTE 11 – Economic Dependency

For the year ended September 30, 2017 and 2016, a substantial portion of the Authority's revenues were received from the U.S. Dept. Housing & 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 12 – 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 June 21, 2018, 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 CITY OF HACKENSACK
Hackensack, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2017

	Beginning Balance	Revenue Recognized	Expenditures	Ending Balance
Operating Subsidy (CFDA # 14.850)	$ -	$ 1,320,149	$ 1,320,149	$ -
Capital Fund Program (CFDA # 14.872)	-	937,599	937,599	-
Total Federal Financial Assistance	$ -	$ 2,257,748	$ 2,257,748	$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

2. There were no subrecipient activities during the audit period.

3. The Authority has elected not to use the 10% de minimis cost rate.

4. The Authority received no non-cash assistance.

5. The Authority did not have any HUD issued mortgages or loans.

Hackensack Housing Authority (NJ028)

HACKENSACK, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 09/30/2017

	Project Total	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted		$3,901,148		$3,901,148		$3,901,148
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted		$1,667,216		$1,667,216		$1,667,216
114 Cash - Tenant Security Deposits		$197,326		$197,326		$197,326
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	$0	$5,765,690	$0	$5,765,690		$5,765,690
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects		$0		$0		$0
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous		$56,731		$56,731		$56,731
126 Accounts Receivable - Tenants		$15,075		$15,075		$15,075
126.1 Allowance for Doubtful Accounts -Tenants		-$8,126		-$8,126		-$8,126
126.2 Allowance for Doubtful Accounts - Other		$0		$0		$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable		$144		$144		$144
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$63,824	$0	$63,824		$63,824
131 Investments - Unrestricted		$230,075		$230,075		$230,075
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets		$46,278		$46,278		$46,278
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	$0	$6,105,867	$0	$6,105,867		$6,105,867

Hackensack Housing Authority (NJ028)

HACKENSACK, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2017

	Project Total	1 Business Activities	COCC	Subtotal	ELIM	Total
161 Land		$2,202,669		$2,202,669		$2,202,669
162 Buildings		$27,774,017		$27,774,017		$27,774,017
163 Furniture, Equipment & Machinery - Dwellings		$706,406		$706,406		$706,406
164 Furniture, Equipment & Machinery - Administration		$842,305		$842,305		$842,305
165 Leasehold Improvements		$4,950,729		$4,950,729		$4,950,729
166 Accumulated Depreciation		-$15,045,725		-$15,045,725		-$15,045,725
167 Construction in Progress		$500,066		$500,066		$500,066
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$21,930,467	$0	$21,930,467		$21,930,467
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	$0	$21,930,467	$0	$21,930,467		$21,930,467
200 Deferred Outflow of Resources		$710,709		$710,709		$710,709
290 Total Assets and Deferred Outflow of Resources	$0	$28,747,043	$0	$28,747,043		$28,747,043
311 Bank Overdraft						
312 Accounts Payable <= 90 Days		$146,816		$146,816		$146,816
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable		$22,496		$22,496		$22,496
322 Accrued Compensated Absences - Current Portion		$19,906		$19,906		$19,906
324 Accrued Contingency Liability						
325 Accrued Interest Payable						

Hackensack Housing Authority (NJ028)
HACKENSACK, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2017

	Project Total	1 Business Activities	COCC	Subtotal	ELIM	Total
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government		$361,150		$361,150		$361,150
341 Tenant Security Deposits		$197,326		$197,326		$197,326
342 Unearned Revenue		$18,907		$18,907		$18,907
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings		$53,550		$53,550		$53,550
345 Other Current Liabilities						
346 Accrued Liabilities - Other		$113,653		$113,653		$113,653
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	$0	$933,804	$0	$933,804		$933,804
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings		$3,092,367		$3,092,367		$3,092,367
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current		$179,151		$179,151		$179,151
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities		$3,960,712		$3,960,712		$3,960,712
350 Total Non-Current Liabilities	$0	$7,232,230	$0	$7,232,230		$7,232,230
300 Total Liabilities	$0	$8,166,034	$0	$8,166,034		$8,166,034
400 Deferred Inflow of Resources		$596,263		$596,263		$596,263
508.4 Net Investment in Capital Assets		$18,784,550		$18,784,550		$18,784,550
511.4 Restricted Net Position		$1,667,216		$1,667,216		$1,667,216
512.4 Unrestricted Net Position	$0	-$467,020	$0	-$467,020		-$467,020
513 Total Equity - Net Assets / Position	$0	$19,984,746	$0	$19,984,746		$19,984,746
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$0	$28,747,043	$0	$28,747,043		$28,747,043

Hackensack Housing Authority (NJ028)

HACKENSACK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit　　Fiscal Year End: 09/30/2017

	Project Total	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$2,353,246	$468,653		$2,821,899		$2,821,899
70400 Tenant Revenue - Other	$130			$130		$130
70500 Total Tenant Revenue	$2,353,376	$468,653	$0	$2,822,029	$0	$2,822,029
70600 HUD PHA Operating Grants	$2,019,841			$2,019,841		$2,019,841
70610 Capital Grants	$237,907			$237,907		$237,907
70710 Management Fee			$411,960	$411,960	-$411,960	$0
70720 Asset Management Fee			$50,400	$50,400	-$50,400	$0
70730 Book Keeping Fee			$37,545	$37,545	-$37,545	$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue			$499,905	$499,905	-$499,905	$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	$18,171	$9,852	$2,500	$30,523		$30,523
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	$112,385	$74,593	$311,081	$498,059		$498,059
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	$4,741,680	$553,098	$813,486	$6,108,264	-$499,905	$5,608,359
91100 Administrative Salaries	$114,487	$70,766	$182,775	$368,028		$368,028
91200 Auditing Fees		$6,500		$6,500		$6,500
91300 Management Fee	$411,960			$411,960	-$411,960	$0
91310 Book-keeping Fee	$37,545			$37,545	-$37,545	$0
91400 Advertising and Marketing						

Hackensack Housing Authority (NJ028)
HACKENSACK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 09/30/2017

	Project Total	1 Business Activities	COCC	Subtotal	ELIM	Total
91500 Employee Benefit contributions - Administrative	$78,187	$217,051	$125,820	$421,058		$421,058
91600 Office Expenses	$29,274	$31,888	$151,155	$212,317		$212,317
91700 Legal Expense	$5,143	$7,250	$21,750	$34,143		$34,143
91800 Travel	$1,814		$2,837	$4,651		$4,651
91810 Allocated Overhead						
91900 Other						
91000 Total Operating - Administrative	$678,410	$333,455	$484,337	$1,496,202	-$449,505	$1,046,697
92000 Asset Management Fee	$50,400			$50,400	-$50,400	$0
92100 Tenant Services - Salaries	$110,547	$19,198		$129,745		$129,745
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	$74,348	$87,850		$162,198		$162,198
92400 Tenant Services - Other	$64,703	$10,036		$74,739		$74,739
92500 Total Tenant Services	$249,598	$117,084	$0	$366,682	$0	$366,682
93100 Water	$139,372	$49,386		$188,758		$188,758
93200 Electricity	$361,998	$71,517		$433,515		$433,515
93300 Gas	$229,601	$10,310		$239,911		$239,911
93400 Fuel						
93500 Labor	$30,408	$6,082		$36,490		$36,490
93600 Sewer	$8,610	$44,288		$52,898		$52,898
93700 Employee Benefit Contributions - Utilities	$20,373	$4,102		$24,475		$24,475
93800 Other Utilities Expense	$10,240	$1,925		$12,165		$12,165
93000 Total Utilities	$800,602	$187,610	$0	$988,212	$0	$988,212
94100 Ordinary Maintenance and Operations - Labor	$292,877	$36,793		$329,670		$329,670
94200 Ordinary Maintenance and Operations - Materials and Other	$94,248	$12,711		$106,959		$106,959
94300 Ordinary Maintenance and Operations Contracts	$396,682	$70,562		$467,244		$467,244
94500 Employee Benefit Contributions - Ordinary Maintenance	$193,947	$189,998		$383,945		$383,945

Hackensack Housing Authority (NJ028)
HACKENSACK, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2017

	Project Total	1 Business Activities	COCC	Subtotal	ELIM	Total
94000 Total Maintenance	$977,754	$310,064	$0	$1,287,818	$0	$1,287,818
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs	$150,000	$25,000		$175,000		$175,000
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	$150,000	$25,000	$0	$175,000	$0	$175,000
96110 Property Insurance	$42,587	$15,426		$58,013		$58,013
96120 Liability Insurance	$48,100	$7,713		$55,813		$55,813
96130 Workmen's Compensation	$34,697	$7,713	$12,500	$54,910		$54,910
96140 All Other Insurance	$13,403			$13,403		$13,403
96100 Total insurance Premiums	$138,787	$30,852	$12,500	$182,139	$0	$182,139
96200 Other General Expenses	$332,373	$48,003	$276,351	$656,727		$656,727
96210 Compensated Absences						
96300 Payments in Lieu of Taxes	$155,277	$28,104		$183,381		$183,381
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	$487,650	$76,107	$276,351	$840,108	$0	$840,108
96710 Interest of Mortgage (or Bonds) Payable		$11,528		$11,528		$11,528
96720 Interest on Notes Payable (Short and Long Term)	$99,458			$99,458		$99,458
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	$99,458	$11,528	$0	$110,986	$0	$110,986
96900 Total Operating Expenses	$3,632,659	$1,091,700	$773,188	$5,497,547	-$499,905	$4,997,642

Hackensack Housing Authority (NJ028)
HACKENSACK, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 09/30/2017

	Project Total	1 Business Activities	COCC	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	$1,109,021	-$538,602	$40,298	$610,717	$0	$610,717
97100 Extraordinary Maintenance	$27,070	$10,076		$37,146		$37,146
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense		$980,550		$980,550		$980,550
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	$3,659,729	$2,082,326	$773,188	$6,515,243	-$499,905	$6,015,338
10010 Operating Transfer In	$110,829			$110,829		$110,829
10020 Operating transfer Out	-$110,829			-$110,829		-$110,829
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$1,081,951	-$1,529,228	$40,298	-$406,979	$0	-$406,979

Hackensack Housing Authority (NJ028)

HACKENSACK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2017

	Project Total	1 Business Activities	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	$215,000	$4,083	$0	$219,083	$0	$219,083
11030 Beginning Equity	$20,656,480	$0	-$264,755	$20,391,725	$0	$20,391,725
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$21,738,431	$21,513,974	$224,457	$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	5040	1008	0	6048	0	6048
11210 Number of Unit Months Leased	5006	1002	0	6008	0	6008
11270 Excess Cash	-$274,057			-$274,057		-$274,057
11610 Land Purchases	$0		$0	$0		$0
11620 Building Purchases	$237,907		$0	$237,907		$237,907
11630 Furniture & Equipment - Dwelling Purchases	$0		$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0		$0	$0		$0
11650 Leasehold Improvements Purchases	$0		$0	$0		$0
11660 Infrastructure Purchases	$0		$0	$0		$0
13510 CFFP Debt Service Payments	$333,467		$0	$333,467		$333,467
13901 Replacement Housing Factor Funds	$0		$0	$0		$0

Housing Authority of the City of Hackensack
Schedule of Proportionate Share of the Net Pension Liability
of the Public Employees Retirement System (PERS)
For the Year Ended September 30, 2017

	2017	2016	2015
Housing Authority's Proportion of the Net Pension Liability	0.0110748%	0.0111577%	0.0109262%
Housing Authority's Proportionate Share of the Net Pension Liability	2,578,032	$ 3,304,577	$ 2,452,713
Housing Authority's Covered Employee Payroll	648,688	849,012	785,173
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	397.42%	389.23%	312.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.68%	67.05%	52.08%

Housing Authority of the City of Hackensack
Schedule of Authority Contributions to the
Public Employees Retirement System (PERS)
For the Year Ended September 30, 2017

	2017	2016	2015
Contractually Required Contribution	122,732	$ 116,312	$ 118,187
Contribution in Relation to the Contractually Required Contribution	(122,732)	$ (116,312)	$ (118,187)
Contribution Deficiency/(Excess)	$ -	$ -	$ -
Authority's Covered Payroll	648,688	$ 831,047	$ 785,173
Contribution as a Percentage of Covered Employee Payroll	18.92%	14.00%	15.05%

POLCARI & CO.

CERTIFIED PUBLIC ACCOUNTANTS

2035 HAMBURG TURNPIKE, UNIT H
WAYNE, NEW JERSEY 07470
TELEPHONE: (973) 831-6969
FAX: (973) 831-6972
E-MAIL: POLCARICO@OPTONLINE.NET

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 City of Hackensack
Hackensack, 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 City of Hackensack as of and for the year ended September 30, 2017 and have issued our report thereon dated June 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Hackensack'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 City of Hackensack'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
POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 21, 2018

POLCARI & CO.

CERTIFIED PUBLIC ACCOUNTANTS

2035 HAMBURG TURNPIKE, UNIT H
WAYNE, NEW JERSEY 07470
TELEPHONE: (973) 831-6969
FAX: (973) 831-6972
E-MAIL: POLCARICO@OPTONLINE.NET

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

Board of Commissioners
Housing Authority of the City of Hackensack
Hackensack, New Jersey

Report on Compliance for Each Major Program

We have audited the Housing Authority of the City of Hackensack (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the Entity's major federal programs for the year ended September 30, 2017. The Housing Authority of the City of Hackensack'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 City of Hackensack'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments and Non-Profit Organizations. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 City of Hackensack's compliance.

Opinion on Each Major Program

In our opinion, the Housing Authority of the City of Hackensack 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 September 30, 2017.

Report on Internal Control Over Compliance

Management of the Housing Authority is of the City of Hackensack 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 City of Hackensack'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

Purpose of this Report

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Polcari & Company

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 21, 2018

POLCARI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
Hackensack, New Jersey
SCHEDULE OF FINDINGS AND QUESTONED COSTS
September 30, 2017

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTONED COSTS

Financial Statements

Type of Auditor's Report Issued:	Unmodified	
Internal Control over Financial Reporting:		
Significant Deficiency(ies) identified	____ yes	X no
Significant Deficiency(ies) identified that are considered to be material weakness(es)?	____ yes	X none reported
Noncompliance Material to Financial Statements Noted?	____ yes	X no

Federal Awards

Internal Control over Major Programs:		
Significant Deficiency(ies) Identified?	____ yes	X no
Significant Deficiency(ies) identified that are considered to be material weakness(es)?	____ yes	X none reported
Type of audit report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance	____ yes	X no

Identification of Major Programs

CFDA #	Name of Federal Program or Cluster
14.872	Capital Fund Program

Dollar Threshold used to distinguish a type A Program	$750,000	
Auditee qualified as low-risk?	X yes	____ no

SECTION 2 - FINANCIAL STATEMENT FINDINGS
None.

SECTION 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
None.