

HOUSING AUTHORITY OF THE  
CITY OF HACKENSACK  
Hackensack, New Jersey

FINANCIAL STATEMENTS  
For the Years Ended  
September 30, 2014 and 2013

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 and 2013

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## MANAGEMENT'S DISCUSSION AND ANALYSIS at September 30, 2014

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, 2014. 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 \$23,062,226 (net assets) as opposed to \$23,294,325(restated) for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Assets of \$2,557,141.

3 – The Authority's cash and cash equivalent (including tenant security deposits) and investment balance at September 30, 2014 was \$1,729,555 representing an increase of \$204,614 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of \$ 4,664,164, and Total Operating Expenses of \$5,194,884 for the year ended September 30, 2014.

5 – The Authority's capital outlays for the fiscal year were \$118,757.

6 – The Authority's Expenditures of Federal Awards amounted to \$2,160,853 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 Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows.

The Statement of Net Assets presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets 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 Assets presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets 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 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. The Schedule of Expenditures of Federal Awards can be found on page 20 of this report.

### C – The Authority as a Whole

The Authority's Net Assets decreased 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 \$459,541, excluding depreciation, primarily because the authority received its full proration of operating subsidy. In the prior year, the subsidy was reduced by HUD to reduce the Authority's reserves..

By far, the largest portion of the Authority's net assets 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 assets of the Authority are available for future use to provide program services.

### D – Budgetary Highlights

For the year ended September 30, 2014, 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 Assets increased during the fiscal year. The increase is indicative of the Authority operating within its budgetary limitations in total, for all its programs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

### E – Capital Assets and Debt Administration

As of September 30, 2014, the Authority's investment in capital assets for its Proprietary Fund was \$23,413,114 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$99,003, 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 3 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.

### F – Significant Changes from FYE September 30, 2013 to September 30, 2014

Cash and cash equivalents increased by \$198,560 primarily because the prior year PILOT was paid subsequent to the end of the current fiscal year and the Authority's operating subsidy was not reduced to recapture reserves.

Accrued PILOT increased \$30,316 because the Authority did not pay its 2013 PILOT expenses during the fiscal year ended September 30, 2014. The \$268,755 current year balance represents fiscal years 2013 and 2014. The 2013 PILOT was paid subsequent to the Authority's year end.

Administrative salaries increased \$66,562 because of an overlap of interim and permanent executive director positions as well as the hiring of a tenant recertification person.

Accrued OPEB liability and Employee Benefits increased primarily due to the accrual of the current year expense.

Tenant Services increased due to the hiring of a permanent position of a part-time bus driver as well as payments to the community center program.

Compensated Absences decreased due to the retirement of the prior interim executive director. He was paid for all sick and vacation due in accordance with the personnel policy.

Gas Expenses increased this year due to the final settlement with PSE&G for prior period amounts owed.

Contract costs decreased because the Authority's maintenance staff performed more work in house than farmed out to outside vendors.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

### G – 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, 2015:

- 1 – The state of the economy, particularly in light of current world affairs.
- 2 – The need for Congress to fund the war on terrorism and the possible cut-back on HUD subsidies and grants due to sequestration.
- 3 – The use of the Authority's Unrestricted Net Assets to fund any shortfalls rising from a possible economic downturn and reduced subsidies and grants. The Authority's Unrestricted Net Assets appear sufficient to cover any shortfall.

### H – 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 9/30/2014	Restated Year End 9/30/2013	Variance
Cash and Other Current Assets	\$ 3,909,339	\$ 3,353,475	\$ 555,864
Capital Assets - Net	<u>23,413,114</u>	<u>24,284,619</u>	<u>(871,505)</u>
Total Assets	27,322,453	27,638,094	(315,641)
Less: Liabilities	<u>4,260,227</u>	<u>4,343,769</u>	<u>(83,542)</u>
Net Assets	<u>23,062,226</u>	<u>23,294,325</u>	<u>(232,099)</u>
Invested in Capital Assets	20,498,114	21,179,619	(681,505)
Restricted Net Position	6,971	6,668	303
Unrestricted Net Position	<u>2,557,141</u>	<u>2,108,038</u>	<u>449,103</u>
Total Net Position	<u>\$ 23,062,226</u>	<u>\$ 23,294,325</u>	<u>\$ (232,099)</u>

## Computation of Changes in Net Position are as Follows:

<u>Revenues</u>			
Tenant Revenues	\$ 2,380,770	\$ 2,319,043	\$ 61,727
HUD Subsidies	1,871,850	1,450,271	421,579
Other Revenues	<u>411,544</u>	<u>378,585</u>	<u>32,959</u>
Total Operating Revenues	<u>4,664,164</u>	<u>4,147,899</u>	<u>516,265</u>
<u>Expenses</u>			
Total Operating Expenses	4,180,574	4,089,267	91,307
Extraordinary Maintenance	24,049	23,920	129
Depreciation Expense	<u>990,261</u>	<u>993,446</u>	<u>(3,185)</u>
Total Operating Expenses	<u>5,194,884</u>	<u>5,106,633</u>	<u>88,251</u>
Excess (Deficiency) of Operating Revenues over Expenses	(530,720)	(958,734)	428,014
<u>Non-Operating Income</u>			
Interest on Investments	<u>9,618</u>	<u>9,386</u>	<u>232</u>
Excess of Revenues over Expenses Before Capital Grants Received	(521,102)	(949,348)	428,246
<u>Capital Grants</u>			
HUD Capital Grants	<u>289,003</u>	<u>259,978</u>	<u>29,025</u>
Current Year Excess/(Deficiency)	(232,099)	(689,370)	457,271
Net Assets - Prior	<u>23,294,325</u>	<u>23,983,695</u>	<u>(689,370)</u>
Total Net Position	<u>\$ 23,062,226</u>	<u>\$ 23,294,325</u>	<u>\$ (232,099)</u>



**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 AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Housing Authority of the City of Hackensack ("the Authority") which comprise the Comparative Statements of Net Position as of September 30, 2014 and 2013 and the related Comparative Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the for the years 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, 2014 and 2013, 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 AUDITORS' 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 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 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 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 22, 2015 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 22, 2015

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
Hackensack, New Jersey  
COMPARATIVE STATEMENT OF NET POSITION  
At September 30, 2014 and 2013

ASSETS

	<u>2014</u>	<u>Restated</u> <u>2013</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 1,555,241	\$ 1,356,681
Cash - Restricted	6,971	6,668
Cash - Tenant Security Deposits	167,343	161,592
Accounts Receivable - Tenants (Net of Allowance of \$8,126 and \$13,726 respectively)	2,729	3,939
Accounts Receivable - HUD Operating Subsidy	344,794	-
Investments	1,736,619	1,730,535
Accounts Receivable - Other	56,846	55,967
Accrued Interest Receivable	746	505
Prepaid Expenses	38,050	37,588
Total Current Assets	<u>3,909,339</u>	<u>3,353,475</u>
<u>FIXED ASSETS</u>		
Land	2,202,669	2,202,669
Buildings	26,426,065	26,426,065
Dwelling Equipment	1,132,965	563,289
Furniture & Fixtures	245,674	795,398
Leasehold Improvements	4,950,729	4,950,729
Construction in Process	598,767	499,963
Total Fixed Assets	35,556,869	35,438,113
Less: Accumulated Depreciation	(12,143,755)	(11,153,494)
Net Fixed Assets	<u>23,413,114</u>	<u>24,284,619</u>
Total Assets	<u>\$ 27,322,453</u>	<u>\$ 27,638,094</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable:		
Vendors and Contractors	\$ 70,221	\$ 77,090
Wages	6,940	10,380
Other	122,176	106,413
Due to Tenants:		
Security Deposits	167,343	161,592
Accrued Liabilities:		
Compensated Absences	15,379	18,565
Accrued Interest Payable	55,279	58,307
Payment in Lieu of Taxes	268,755	238,439
Current Portion Long Term Debt	195,000	190,000
Deferred Revenues:		
Tenant Prepaid Rents	14,940	14,906
Total Current Liabilities	<u>916,033</u>	<u>875,692</u>

LONG TERM LIABILITIES

Compensated Absences	138,146	167,092
Long Term Debt	2,720,000	2,915,000
Accrued OPEB Liability	486,048	385,984
Total Long Term Liabilities	<u>3,344,194</u>	<u>3,468,076</u>
Total Liabilities	<u>4,260,227</u>	<u>4,343,768</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	20,498,114	21,179,619
Restricted	6,971	6,668
Unrestricted	<u>2,557,141</u>	<u>2,108,038</u>
Total Net Position	<u>23,062,226</u>	<u>23,294,325</u>

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, 2014 and 2013

	<u>2014</u>	Restated <u>2013</u>
<b><u>REVENUES</u></b>		
Dwelling Rentals	\$ 2,380,770	\$ 2,319,043
HUD Operating Grants	1,871,850	1,450,271
Other Income	<u>411,544</u>	<u>378,585</u>
Total Revenues	<u>4,664,164</u>	<u>4,147,899</u>
<b><u>EXPENSES</u></b>		
Administration	931,215	792,317
Tenant Services	279,352	234,357
Utilities	998,555	1,006,853
Ordinary Maintenance & Operations	1,009,775	1,051,641
Protective Services	200,000	267,088
General Expense	626,573	594,827
Nonroutine Maintenance	24,049	23,920
Depreciation Expense	990,261	993,446
Interest Expense	<u>135,104</u>	<u>142,184</u>
Total Operating Expenses	<u>5,194,884</u>	<u>5,106,633</u>
Operating Income/(Loss)	(530,720)	(958,734)
Non Operating Revenues/(Expenses):		
Interest Income Unrestricted	9,618	9,379
Interest Income Restricted	<u>-</u>	<u>8</u>
Net Operating Income/(Loss) Before Contributions and Transfers	(521,102)	(949,348)
Capital Grants	<u>289,003</u>	<u>259,978</u>
Net Income/(Loss)	(232,099)	(689,370)
Beginning Net Position Restated (2014)	<u>23,294,325</u>	<u>23,983,695</u>
Ending Net Position	<u>\$ 23,062,226</u>	<u>\$ 23,294,325</u>

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
Hackensack, New Jersey  
COMPARATIVE STATEMENT OF CASH FLOWS  
For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>Restated 2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 2,382,014	\$ 2,333,984
From Government Agencies for Operating Grants	1,527,056	1,453,771
From Other Operating Revenues	411,544	378,585
Cash Paid		
To Employees for Operations	(887,437)	(804,771)
To Suppliers for Operations	(3,209,074)	(3,086,131)
Net Cash Provided by Operating Activities	<u>224,103</u>	<u>275,438</u>
<u>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	289,003	259,978
Repayment of Long Term Debt	(190,000)	(180,000)
Acquisition of Property & Equipment	(118,757)	(114,161)
Net Cash Used by Capital & Related Financing Activities	<u>(19,754)</u>	<u>(34,183)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Purchases	(6,084)	(7,246)
Investment Income	6,349	7,146
Net Cash Provided by Investing Activities	<u>265</u>	<u>(100)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	204,614	241,155
Cash & Equivalents at Beginning of Period	<u>1,524,941</u>	<u>1,283,786</u>
Cash & Equivalents at End of Period	<u>\$ 1,729,555</u>	<u>\$ 1,524,941</u>
<u>RECONCILIATION OF OPERATING INCOME/(LOSS)</u>		
<u>TO NET CASH PROVIDED/(USED) IN OPERATIONS</u>		
Operating Income/(Loss)	\$ (530,720)	\$ (958,734)
Adjustments to reconcile Operating Income/(Loss) to Net Cash Provided/(Used) in Operating Activities:		
Depreciation	990,261	993,446
Decrease/(Increase) in Assets		
Accounts Receivable - Tenants	1,210	7,854
Accounts Receivable - Other	(879)	811
Accounts Receivable HUD	(344,794)	3,500
Prepaid Expenses	(462)	1,034
Increase/(Decrease) in Liabilities		
Accounts Payable	5,454	(24,155)
PILOT Payable	30,316	124,091
Accrued Expenses	(32,132)	14,662
Tenant Security Deposits	5,751	5,778
OPEB Liability	100,064	100,064
Deferred Revenues - Prepaid Rents	34	7,087
Net Cash Provided to Operating Activities	<u>\$ 224,103</u>	<u>\$ 275,438</u>

Cash paid for Interest was \$138,133

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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.

**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. 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.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

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:

Invested in Net Fixed Assets, Net of Related Debt – 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 Invested in Net Fixed Assets, Net of Related Debt. 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 Invested in Net Fixed Assets Assets, Net of Related Debt.

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.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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, 2012 and 2011, the Authority has not recognized any reduction in the carrying value of its fixed assets when considering SFAS 144.

15. The Housing Authority has elected early adoption of 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.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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 \$1,729,555 and \$1,524,941 at September 30, 2014 and 2013, respectively, consisted of the following:

	<u>2014</u>	<u>2013</u>
Checking Accounts	\$ 1,562,062	\$ 1,363,199
Security Deposits	167,343	161,592
Petty Cash	150	150
	<u>\$ 1,729,555</u>	<u>\$ 1,524,941</u>

The carrying amount of the Authority's cash and cash equivalents on deposit as of September 30, 2014 was \$1,729,555 and the bank balances were \$1,735,450. Of the bank balances, \$256,971 was covered by FDIC insurance and \$1,478,479 was covered by a collateral pool.

**NOTE 3 - 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, 2014 and 2013, respectively.

	<u>Oct 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Other</u>	<u>Sep 30, 2014</u>
Land	\$ 2,202,669	\$ -	\$ -	\$ -	\$ 2,202,669
Buildings & Improvements	26,426,065	-	-	-	26,426,065
Furniture & Equipment	1,358,687	19,952	-	-	1,378,639
Leasehold Improvements	4,950,729	-	-	-	4,950,729
Construction in Progress	499,963	98,804	-	-	598,767
Total	<u>35,438,113</u>	<u>118,756</u>	<u>-</u>	<u>-</u>	<u>35,556,869</u>
Accumulated Depreciation	<u>(11,153,494)</u>	<u>(990,261)</u>	<u>-</u>	<u>-</u>	<u>(12,143,755)</u>
Net	<u>\$ 24,284,619</u>	<u>\$ (871,505)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,413,114</u>

	<u>Sep 30, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Other</u>	<u>Sep 30, 2013</u>
Land	\$ 2,202,669	\$ -	\$ -	\$ -	\$ 2,202,669
Buildings & Improvements	23,795,828	-	-	2,630,237	26,426,065
Furniture & Equipment	1,068,831	34,182	-	255,674	1,358,687
Leasehold Improvements	4,950,729	-	-	-	4,950,729
Construction in Progress	3,305,896	79,978	-	(2,885,911)	499,963
Total	<u>35,323,953</u>	<u>114,160</u>	<u>-</u>	<u>-</u>	<u>35,438,113</u>
Accumulated Depreciation	<u>(10,160,049)</u>	<u>(993,445)</u>	<u>-</u>	<u>-</u>	<u>(11,153,494)</u>
Net	<u>\$ 25,163,904</u>	<u>\$ (879,285)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,284,619</u>



HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 3 - Fixed Assets (Continued)**

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:

	<u>Years</u>
Buildings	40
Components	20
Site Improvements	15
Furniture	10
Equipment	5
Vehicles	5
Computers	3

Depreciation expense for the fiscal years ended September 30, 2013 and 2012 amounted to \$993,445 and \$917,641, respectively.

**NOTE 4 – 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 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 years ended September 30, 2014 and 2013, PILOT expense of \$137,480 and \$131,275 was accrued.

**NOTE 5 – Accrued Compensated Absences**

Accrued compensated absences of \$153,525 at September 30, 2014 and \$185,657 at September 30, 2013 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 or termination 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 or no maximum depending on length of service. The current portion was \$15,379 and \$18,565 at September 30, 2014 and 2013, respectively.

**NOTE 6 – Pension Plan**

The Authority participates in the New Jersey Public Employees Retirement System (PERS) sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefits pension plan. PERS was established in January 1955 under the provisions of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the State, it's Counties, municipalities, school districts or public agencies.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 6 – Pension Plan (Continued)**

Contributions are made both by employees and by the Authority. Employee contributions are based on a flat rate determined by the New Jersey Division of Pensions. Benefits paid to retired employees are based on length of service, latest earnings and veteran status. Authority contributions to the system are determined by the PERS and billed annually to the Authority. The Authority was required to make a contribution \$110,100 to the system during the audit period.

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

**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 from the leveraging pool were restricted and spent in accordance with the Authority's Capital Fund Budget within four years.

**NOTE 7 – Long Term Debt**

Repayment of the funds leveraged shall be budgeted from Capital Fund Allocations received by the Authority from the Department of Housing and Urban Development. The following is a schedule of required principal payments for the next five years and thereafter:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 195,000	\$ 130,818	\$ 325,818
2016	205,000	122,403	327,403
2017	215,000	113,425	328,425
2018	225,000	103,809	328,809
2019	235,000	93,856	328,856
2020-2024	1,360,000	294,850	1,654,850
2025	480,000	22,796	502,796
	<u>\$ 2,915,000</u>	<u>\$ 881,957</u>	<u>\$ 3,796,957</u>

**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, 2014 and 2013 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.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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:

Annual Required Contribution	\$ 107,036
Interest on net OPEB obligation	9,293
Adjustment to annual required contribution	116,329
Annual OPEB cost (expense)	191,739
Contributions made	91,676
Increase in net OPEB obligation	100,064
Net OPEB Obligation – beginning of year -2014	<u>385,984</u>
Net OPEB Obligation – end of year-2014	<u>\$ 486,048</u>

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2014 and 2013 fiscal year and the preceding two years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
9/30/2011	\$ 181,842	0.47	\$ 185,857
9/30/2012	\$ 191,739	0.47	\$ 285,920
9/30/2013	\$ 191,739	0.47	\$ 385,984
9/30/2014	\$ 191,739	0.47	\$ 486,048

**FUNDED STATUS AND FUNDING PROGRES**

As of September 30, 2012 the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$2,685,646 and \$2,585,583 respectively, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,685,646 and \$2,585,583 respectively.

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.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

**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
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Investment Rate of Return	5.00% per annum
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Healthcare Trend Rates

2008	Costs are Known
2009	Costs are Known
2010	Costs are Known
2011	Costs are Known
2012	10.0%
2013	9.0%
2014	8.0%
2015	7.0%

Actuarial Value of Assets:	N/A
Amortization of UAAL:	Amortized as level dollar amount over 30 years at transition
Remaining Amortization Period:	25 years at September 30, 2014

Reconciliation of Plan Participation

The plan has a total of 23 employees. 13 are active and 10 are retirees.

**NOTE 10 – Construction Commitments**

At September 30, 2014 and September 30, 2013, 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, 2014 and September 30, 2013, 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.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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 22, 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.

**Note 13 – Restatement of Prior Year Equity**

During the current year, the Authority made an adjustment of \$83,141 which increased beginning equity. The adjustment was to correct the liability for OPEB and expense at September 30, 2013.

Beginning Equity	\$ 23,211,184
Prior Period Adjustment	<u>83,141</u>
Adjusted Beginning Equity	<u>\$ 23,294,325</u>

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
 Hackensack, New Jersey  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended September 30, 2014

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Operating Subsidy (CFDA # 14.850)	\$ -	\$ 1,529,016	\$ 1,529,016	\$ -
Capital Fund Program (CFDA # 14.872)	<u>-</u>	<u>631,837</u>	<u>631,837</u>	<u>-</u>
Total Federal Financial Assistance	<u>\$ -</u>	<u>\$ 2,160,853</u>	<u>\$ 2,160,853</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.

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,041,267	\$513,974	\$1,555,241		\$1,555,241
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$6,971		\$6,971		\$6,971
114 Cash - Tenant Security Deposits	\$167,343		\$167,343		\$167,343
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$1,215,581	\$513,974	\$1,729,555		\$1,729,555
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$344,794		\$344,794		\$344,794
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous		\$56,846	\$56,846		\$56,846
126 Accounts Receivable - Tenants	\$10,855		\$10,855		\$10,855
126.1 Allowance for Doubtful Accounts - Tenants	-\$8,126		-\$8,126		-\$8,126
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	\$746		\$746		\$746
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$348,269	\$56,846	\$405,115		\$405,115
131 Investments - Unrestricted	\$1,736,619		\$1,736,619		\$1,736,619
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COCC	Subtotal	ELIM	Total
142 Prepaid Expenses and Other Assets	\$28,050	\$10,000	\$38,050		\$38,050
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$3,328,519	\$580,820	\$3,909,339		\$3,909,339
161 Land	\$2,202,669		\$2,202,669		\$2,202,669
162 Buildings	\$26,426,065		\$26,426,065		\$26,426,065
163 Furniture, Equipment & Machinery - Dwellings	\$583,241	\$549,724	\$1,132,965		\$1,132,965
164 Furniture, Equipment & Machinery - Administration	\$245,674		\$245,674		\$245,674
165 Leasehold Improvements	\$4,950,729		\$4,950,729		\$4,950,729
166 Accumulated Depreciation	-\$11,606,551	-\$537,204	-\$12,143,755		-\$12,143,755
167 Construction in Progress	\$598,767		\$598,767		\$598,767
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$23,400,594	\$12,520	\$23,413,114		\$23,413,114
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	\$23,400,594	\$12,520	\$23,413,114		\$23,413,114



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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COCC	Subtotal	ELIM	Total
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$26,729,113	\$593,340	\$27,322,453		\$27,322,453
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$58,066	\$12,155	\$70,221		\$70,221
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$10,207	\$2,607	\$12,814		\$12,814
322 Accrued Compensated Absences - Current Portion	\$13,316	\$2,063	\$15,379		\$15,379
324 Accrued Contingency Liability					
325 Accrued Interest Payable	\$55,279		\$55,279		\$55,279
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$268,755		\$268,755		\$268,755
341 Tenant Security Deposits	\$167,343		\$167,343		\$167,343
342 Unearned Revenue	\$14,940		\$14,940		\$14,940
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$195,000		\$195,000		\$195,000
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$116,302		\$116,302		\$116,302
347 Inter Program - Due To					
348 Loan Liability - Current					

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COCC	Subtotal	ELIM	Total
310 Total Current Liabilities	\$899,208	\$16,825	\$916,033		\$916,033
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$2,720,000		\$2,720,000		\$2,720,000
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$119,837	\$18,309	\$138,146		\$138,146
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$349,949	\$136,099	\$486,048		\$486,048
360 Total Non-Current Liabilities	\$3,189,786	\$154,408	\$3,344,194		\$3,344,194
300 Total Liabilities	\$4,088,994	\$171,233	\$4,260,227		\$4,260,227
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$20,485,594	\$12,520	\$20,498,114		\$20,498,114
511.4 Restricted Net Position	\$6,971		\$6,971		\$6,971
512.4 Unrestricted Net Position	\$2,147,554	\$409,587	\$2,557,141		\$2,557,141
513 Total Equity - Net Assets / Position	\$22,640,119	\$422,107	\$23,062,226		\$23,062,226
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$26,729,113	\$593,340	\$27,322,453		\$27,322,453

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,376,856		\$2,376,856		\$2,376,856
70400 Tenant Revenue - Other	\$3,914		\$3,914		\$3,914
70500 Total Tenant Revenue	\$2,380,770	\$0	\$2,380,770	\$0	\$2,380,770
70600 HUD PHA Operating Grants	\$1,871,850		\$1,871,850		\$1,871,850
70610 Capital Grants	\$289,003		\$289,003		\$289,003
70710 Management Fee		\$483,421	\$483,421	-\$483,421	\$0
70720 Asset Management Fee		\$45,106	\$45,106	-\$45,106	\$0
70730 Book Keeping Fee		\$60,480	\$60,480	-\$60,480	\$0
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue		\$589,007	\$589,007	-\$589,007	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$4,118	\$5,500	\$9,618		\$9,618
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	\$66,358	\$345,186	\$411,544		\$411,544
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$4,612,099	\$939,693	\$5,551,792	-\$589,007	\$4,962,785
91100 Administrative Salaries	\$139,653	\$287,094	\$426,747		\$426,747

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COCC	Subtotal	ELIM	Total
91200 Auditing Fees	\$3,000	\$3,100	\$6,100		\$6,100
91300 Management Fee	\$483,421		\$483,421	-\$483,421	\$0
91310 Book-keeping Fee	\$45,106		\$45,106	-\$45,106	\$0
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$116,112	\$155,133	\$271,245		\$271,245
91600 Office Expenses	\$34,718	\$145,675	\$180,393		\$180,393
91700 Legal Expense	\$1,885	\$36,000	\$37,885		\$37,885
91800 Travel		\$8,845	\$8,845		\$8,845
91810 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$823,895	\$635,847	\$1,459,742	-\$628,527	\$931,215
92000 Asset Management Fee	\$60,480		\$60,480	-\$60,480	\$0
92100 Tenant Services - Salaries	\$117,077		\$117,077		\$117,077
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$101,650		\$101,650		\$101,650
92400 Tenant Services - Other	\$60,625		\$60,625		\$60,625
92500 Total Tenant Services	\$279,352	\$0	\$279,352	\$0	\$279,352
93100 Water	\$186,924		\$186,924		\$186,924
93200 Electricity	\$487,470		\$487,470		\$487,470
93300 Gas	\$267,503		\$267,503		\$267,503
93400 Fuel					
93500 Labor	\$6,872		\$6,872		\$6,872
93600 Sewer	\$29,773		\$29,773		\$29,773

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COCC	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities	\$6,764		\$6,764		\$6,764
93800 Other Utilities Expense	\$13,249		\$13,249		\$13,249
93000 Total Utilities	\$998,555	\$0	\$998,555	\$0	\$998,555
94100 Ordinary Maintenance and Operations - Labor	\$336,741		\$336,741		\$336,741
94200 Ordinary Maintenance and Operations - Materials and Other	\$86,848		\$86,848		\$86,848
94300 Ordinary Maintenance and Operations Contracts	\$361,829		\$361,829		\$361,829
94500 Employee Benefit Contributions - Ordinary Maintenance	\$224,356		\$224,356		\$224,356
94000 Total Maintenance	\$1,009,774	\$0	\$1,009,774	\$0	\$1,009,774
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$200,000		\$200,000		\$200,000
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$200,000	\$0	\$200,000	\$0	\$200,000
96110 Property Insurance	\$69,870		\$69,870		\$69,870
96120 Liability Insurance	\$34,935		\$34,935		\$34,935
96130 Workmen's Compensation	\$34,934	\$12,000	\$46,934		\$46,934
96140 All Other Insurance					
96100 Total Insurance Premiums	\$139,739	\$12,000	\$151,739	\$0	\$151,739
96200 Other General Expenses	\$25,474	\$308,746	\$334,220		\$334,220
96210 Compensated Absences	\$3,134		\$3,134		\$3,134
96300 Payments in Lieu of Taxes	\$137,480		\$137,480		\$137,480

# Hackensack Housing Authority (NJ028)

HACKENSACK, NJ

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COCC	Subtotal	ELIM	Total
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$166,088	\$308,746	\$474,834	\$0	\$474,834
96710 Interest of Mortgage (or Bonds) Payable	\$135,104		\$135,104		\$135,104
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$135,104	\$0	\$135,104	\$0	\$135,104
96900 Total Operating Expenses	\$3,812,987	\$956,593	\$4,769,580	-\$589,007	\$4,180,573
97000 Excess of Operating Revenue over Operating Expenses	\$799,112	-\$16,900	\$782,212	\$0	\$782,212
97100 Extraordinary Maintenance	\$24,050		\$24,050		\$24,050
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	\$983,276	\$6,985	\$990,261		\$990,261
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$4,820,313	\$963,578	\$5,783,891	-\$589,007	\$5,194,884

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In	\$77,660		\$77,660		\$77,660
10020 Operating transfer Out	-\$77,660		-\$77,660		-\$77,660
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$208,214	-\$23,885	-\$232,099	\$0	-\$232,099
11020 Required Annual Debt Principal Payments	\$237,500	\$0	\$237,500	\$0	\$237,500
11030 Beginning Equity	\$22,796,995	\$414,190	\$23,211,185	\$0	\$23,211,185
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$51,338	\$31,802	\$83,140		\$83,140
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					

# Hackensack Housing Authority (NJ028)

HACKENSACK, NJ

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	Project Total	COC	Subtotal	ELIM	Total
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available	6048	0	6048	0	6048
11210 Number of Unit Months Leased	6014	0	6014	0	6014
11270 Excess Cash	\$2,098,404		\$2,098,404		\$2,098,404
11610 Land Purchases	\$0	\$0	\$0		\$0
11620 Building Purchases	\$281,964	\$0	\$281,964		\$281,964
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	\$668,458	\$0	\$668,458		\$668,458
13901 Replacement Housing Factor Funds	\$0	\$0	\$0		\$0





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, 2014 and have issued our report thereon dated June 22, 2015.

**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 22, 2014



**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 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 City of Hackensack  
Hackensack, New Jersey

**Report on Compliance for Each Major Program**

We have audited the Housing Authority of the City of Hackensack'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 September 30, 2014. 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 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 City of Hackensack's compliance.

INDEPENDENT AUDITOR'S 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 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, 2014.

**Report on Internal Control Over Compliance**

Management of the Housing Authority 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 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*  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
June 22, 2015

HOUSING AUTHORITY OF THE CITY OF HACKENSACK  
Hackensack, New Jersey  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 2014

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTIONED 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 section 510(a) of  
Circular A-133

\_\_\_\_\_ yes    X no

Identification of Major Programs

CFDA #    Name of Federal Program or Cluster  
14.850    Low Rent Public Housing

Dollar Threshold used to distinguish a type A Program

\$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.