

HOUSING AUTHORITY OF THE
CITY OF HACKENSACK
Hackensack, New Jersey

FINANCIAL STATEMENTS
For the Years Ended
September 30, 2016 and 2015

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS
At September 30, 2016

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, 2016. 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 \$20,391,725 (net position) as opposed to \$21,100,032 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 \$495,212 as opposed to \$578,599 in the prior fiscal year.

3 -- The Authority's unrestricted cash and cash equivalent at September 30, 2016 was \$2,658,080 representing an increase of \$404,733 from the prior fiscal year.

4 -- The Authority had Total Operating Revenues of \$4,771,168, and Total Operating Expenses of \$5,771,933 for the year ended September 30, 2016.

5 -- The Authority's capital outlays for the fiscal year were \$151,069 of which \$72,169 was funded by the Capital Fund Program.

6 -- The Authority's Expenditures of Federal Awards amounted to \$1,883,330 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 on pages 31 and 32, respectively.

C – The Authority as a Whole

The Authority's Net Position decreased by \$708,307 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 \$4,227, excluding depreciation for the fiscal year September 30, 2016. 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, 2016, 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 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, 2016, the Authority's investment in capital assets for its Proprietary Fund was \$22,404,759 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress. Major capital assets purchased from grants of \$72,169, 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.

F – Significant Changes from FYE September 30, 2015 to September 30, 2016

Accounts Payable Other decreased by \$218,482. This decrease is due to a settlement arising from a dispute between the Housing Authority and PSE&G.

Accrued OPEB and Pension Liability increased by \$1,151,364. The increase is due to changes in the annual required contribution for the OPEB liability and changes in assumptions for the pension liability. These amounts are adjusted each year by actuarial calculations.

There were no adjustments to the prior year's equity as there was at September 30, 2015. During the prior fiscal year, the Authority was required to adopt GASB 68, Accounting and Financial Reporting for Pensions which required an adjustment of \$1,979,022 to reduce beginning equity.

Tenants Accounts Receivable decreased during the current fiscal year as the result of several tenants with larger balances remitting payment for past due balances.

G – Rental Assistance Demonstration (RAD) – RAD conversion is expected to occur during the fiscal year ended September 30, 2017. The Authority will enter into a loan agreement with a financial institution to borrow funds to accomplish capital projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

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, 2017:

- 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 9/30/2016	Year End 9/30/2015	Variance
Cash and Other Current Assets	\$ 4,934,483	\$ 4,573,492	\$ 360,991
Capital Assets - Net	22,404,759	23,234,939	(830,180)
Deferred Outflow of Resources	<u>1,027,575</u>	<u>474,038</u>	<u>553,537</u>
Total Assets	28,366,817	28,282,469	(469,189)
Less: Liabilities	7,887,545	7,031,921	855,624
Less: Deferred Inflow of Resources	<u>87,547</u>	<u>150,516</u>	<u>(62,969)</u>
Net Position	<u>20,391,725</u>	<u>21,100,032</u>	<u>(1,324,813)</u>
Net Investment in Capital Assets	19,889,759	20,514,939	(625,180)
Restricted Net Position	6,754	6,494	260
Unrestricted Net Position	<u>495,212</u>	<u>578,599</u>	<u>(83,387)</u>
Total Net Position	<u>\$ 20,391,725</u>	<u>\$ 21,100,032</u>	<u>\$ (708,307)</u>

Computation of Changes in Net Position are as Follows:

<u>Revenues</u>			
Tenant Revenues	\$ 2,681,418	\$ 2,488,333	\$ 193,085
HUD Subsidies	1,608,766	1,681,676	(72,910)
Other Revenues	<u>480,984</u>	<u>440,454</u>	<u>40,530</u>
Total Operating Revenues	<u>4,771,168</u>	<u>4,610,463</u>	<u>160,705</u>
<u>Expenses</u>			
Total Operating Expenses	4,753,285	4,559,805	193,480
Extraordinary Maintenance	37,399	21,970	15,429
Depreciation Expense	<u>981,249</u>	<u>963,383</u>	<u>17,866</u>
Total Operating Expenses	<u>5,771,933</u>	<u>5,545,158</u>	<u>226,775</u>
Excess (Deficiency) of Operating Revenues over Expenses	(1,000,765)	(934,695)	(66,070)
<u>Non-Operating Income</u>			
Casualty Loss	-	(1,916)	(1,916)
Gain on Sale of Capital Assets	819		
Interest on Investments	<u>14,470</u>	<u>12,442</u>	<u>2,028</u>
Excess of Revenues over Expenses Before Capital Grants Received	(985,476)	(924,169)	(61,307)
<u>Capital Grants</u>			
HUD Capital Grants	<u>277,169</u>	<u>940,997</u>	<u>(663,828)</u>
Current Year Excess/(Deficiency)	(708,307)	16,828	(725,135)
Net Position - Prior	21,100,032	23,062,226	(1,962,194)
Prior Period Adjustment	<u>-</u>	<u>(1,979,022)</u>	<u>1,979,022</u>
Total Net Position	<u>\$ 20,391,725</u>	<u>\$ 21,100,032</u>	<u>\$ (708,307)</u>



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INDEPENDENT AUDITOR'S 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 are comprised of the Statement of Net Position as of September 30, 2016 and 2015 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, 2016 and 2015, and the results of its operations, and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-5 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 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 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 30, 2016 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 29, 2017

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
Hackensack, New Jersey
COMPARATIVE STATEMENT OF NET POSITION
At September 30, 2016 and 2015

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

	<u>2016</u>	<u>2015</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 2,658,080	\$ 2,253,347
Cash - Restricted	6,754	6,494
Cash - Tenant Security Deposits	185,545	178,566
Accounts Receivable - Tenants (Net of Allowance of \$8,126 and \$8,126 respectively)	3,260	16,365
Accounts Receivable - HUD Operating Subsidy	236,012	281,203
Investments	1,751,599	1,743,713
Accounts Receivable - Other	49,090	49,797
Accrued Interest Receivable	838	938
Prepaid Expenses	43,305	43,069
Total Current Assets	<u>4,934,483</u>	<u>4,573,492</u>
<u>FIXED ASSETS</u>		
Land	2,202,669	2,202,669
Buildings	27,465,514	26,426,065
Dwelling Equipment	685,936	622,253
Furniture & Fixtures	817,403	795,398
Leasehold Improvements	4,950,729	4,950,729
Construction in Process	347,683	1,344,963
Total Fixed Assets	<u>36,469,934</u>	<u>36,342,077</u>
Less: Accumulated Depreciation	<u>(14,065,175)</u>	<u>(13,107,138)</u>
Net Fixed Assets	<u>22,404,759</u>	<u>23,234,939</u>
Deferred Outflow of Resources	<u>1,027,575</u>	<u>474,038</u>
Total Assets	<u>\$ 28,366,817</u>	<u>\$ 28,282,469</u>

LIABILITIES, NET POSITION AND DEFERRED INFLOW OF RESOURCES

<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 104,441	\$ 66,248
Wages	30,525	-
Other	116,390	334,872
Due to Tenants:		
Security Deposits	185,545	178,566
Accrued Liabilities:		
Compensated Absences	17,847	17,113
Accrued Interest Payable	44,256	52,111
Payment in Lieu of Taxes	321,202	280,911
Current Portion Long Term Debt	215,000	205,000
Deferred Revenues:		
Tenant Prepaid Rents	16,614	11,357
Total Current Liabilities	<u>1,051,820</u>	<u>1,146,178</u>
<u>LONG TERM LIABILITIES</u>		
Compensated Absences	167,633	154,015
Long Term Debt	2,300,000	2,515,000
Accrued Pension and OPEB Liability	4,368,092	3,216,728
Total Long Term Liabilities	<u>6,835,725</u>	<u>5,885,743</u>
Total Liabilities	<u>7,887,545</u>	<u>7,031,921</u>
Deferred Inflow of Resources	<u>87,547</u>	<u>150,516</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	19,889,759	20,514,939
Restricted	6,754	6,494
Unrestricted	495,212	578,599
Total Net Position	<u>20,391,725</u>	<u>21,100,032</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>REVENUES</u>		
Dwelling Rentals	\$ 2,681,418	\$ 2,488,333
HUD Operating Grants	1,608,766	1,881,676
Other Income	480,984	440,454
Total Revenues	<u>4,771,168</u>	<u>4,610,463</u>
<u>EXPENSES</u>		
Administration	1,119,068	995,575
Tenant Services	353,295	314,467
Utilities	903,711	1,088,113
Ordinary Maintenance & Operations	1,302,852	1,190,020
Protective Services	200,000	200,000
General Expense	751,203	645,730
Nonroutine Maintenance	37,399	21,970
Depreciation Expense	981,249	963,383
Interest Expense	123,156	125,900
Total Operating Expenses	<u>5,771,933</u>	<u>5,545,158</u>
Operating Income/(Loss)	(1,000,765)	(934,695)
Non Operating Revenues/(Expenses):		
Casualty Loss	-	(1,916)
Gain/Loss on Sale of Capital Assets	819	-
Interest Income Unrestricted	14,432	12,442
Interest Income Restricted	38	-
Net Operating Income/(Loss) Before Contributions and Transfers	(985,476)	(924,169)
Capital Grants	<u>277,169</u>	<u>940,997</u>
Net Income/(Loss)	(708,307)	16,828
Beginning Net Position	21,100,032	23,062,226
Prior Period Adjustment	<u>-</u>	<u>(1,979,022)</u>
Ending Net Position	<u>\$ 20,391,725</u>	<u>\$ 21,100,032</u>

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

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 2,699,780	\$ 2,471,114
From Government Agencies for Operating Grants	1,653,957	1,745,267
From Other Operating Revenues	480,984	440,454
Cash Paid		
To Employees for Operations	(874,184)	(828,308)
To Suppliers for Operations	(3,489,313)	(3,080,536)
Net Cash Provided by Operating Activities	<u>491,224</u>	<u>747,991</u>
<u>CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	277,169	940,997
Repayment of Long Term Debt	(205,000)	(195,000)
Cash Received for the Sale Fixed Assets	819	-
Cash Received for Insurance Proceeds	-	9,900
Cash Paid for Fixed Assets	-	(11,816)
Acquisition of Property & Equipment	(151,069)	(785,208)
Net Cash Used by Capital & Related Financing Activities	<u>(78,081)</u>	<u>(41,127)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Purchases	(7,886)	(7,094)
Investment Income	6,715	9,082
Net Cash Provided by Investing Activities	<u>(1,171)</u>	<u>1,988</u>
Net Increase (Decrease) in Cash & Cash Equivalents	411,972	708,852
Cash & Equivalents at Beginning of Period	<u>2,438,407</u>	<u>1,729,555</u>
Cash & Equivalents at End of Period	<u>\$ 2,850,379</u>	<u>\$ 2,438,407</u>
<u>RECONCILIATION OF OPERATING INCOME/(LOSS)</u> <u>TO NET CASH PROVIDED/(USED) IN OPERATIONS</u>		
Operating Income/(Loss)	\$ (1,000,765)	\$ (934,695)
Adjustments to reconcile Operating Income/(Loss) to Net Cash Provided/(Used) in Operating Activities:		
Depreciation	981,249	963,383
Deferred Outflow of Resources	(553,537)	(474,038)
Deferred Inflow of Resources	(62,969)	150,516
Decrease/(Increase) in Assets		
Accounts Receivable - Tenants	13,105	(13,636)
Accounts Receivable - Other	707	7,049
Accounts Receivable HUD	45,191	63,591
Prepaid Expenses	(236)	(5,019)
Increase/(Decrease) in Liabilities		
Accounts Payable	(149,764)	201,783
PILOT Payable	40,291	12,156
Accrued Expenses	14,352	17,603
Tenant Security Deposits	6,979	11,223
Accrued Pension and OPEB Liability	1,151,364	751,658
Deferred Revenues - Prepaid Rents	5,257	(3,583)
Net Cash Provided to Operating Activities	<u>\$ 491,224</u>	<u>\$ 747,991</u>

Cash paid for Interest was \$122,403

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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, 2016

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:

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.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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, 2016 and 2015, 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, 2016

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

- d. **New Accounting Pronouncements** -- During the prior fiscal year, the Authority was required to adopt 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 \$2,850,380 and \$2,438,407 at September 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Checking Accounts	\$ 2,664,685	\$ 2,259,691
Security Deposits	185,545	178,566
Petty Cash	150	150
	<u>\$ 2,850,380</u>	<u>\$ 2,438,407</u>

The carrying amount of the Authority's cash and cash equivalents on deposit as of September 30, 2016 was \$2,850,380 and the bank balances were \$2,965,336. Of the bank balances, \$256,494 was covered by FDIC insurance and \$2,708,842 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, \$2,708,842 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, 2016 and 2015:

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 3 – Investments - Continued

	<u>2016</u>
Certificate of Deposits with a maturity date of six months from the date of acquisition	<u>\$ 1,751,599</u>

	<u>2015</u>
Certificate of Deposit with a maturity of one year from date of acquisition	<u>\$ 1,743,713</u>

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, 2016 and 2015 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, 2016 and 2015

	<u>Oct 1, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Other</u>	<u>Sep 30, 2016</u>
Land	\$ 2,202,669	\$ -	\$ -	\$ -	\$ 2,202,669
Buildings & Improvements	26,426,065	-	-	1,039,449	27,465,514
Furniture & Equipment	1,417,651	78,900	(23,212)	30,000	1,503,339
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	<u>\$ 23,234,939</u>	<u>\$ (830,180)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,404,759</u>

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 - Fixed Assets - Continued

	<u>Oct 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Other</u>	<u>Sep 30, 2015</u>
Land	\$ 2,202,669	\$ -	\$ -	\$ -	\$ 2,202,669
Buildings & Improvements	26,426,065	-	-	-	26,426,065
Furniture & Equipment	1,378,639	39,012	-	-	1,417,651
Leasehold Improvements	4,950,729	-	-	-	4,950,729
Construction in Progress	598,767	746,196	-	-	1,344,963
Total	35,556,869	785,208	-	-	36,342,077
Accumulated Depreciation	(12,143,755)	(963,383)	-	-	(13,107,138)
Net	\$ 23,413,114	\$ (178,175)	\$ -	\$ -	\$ 23,234,939

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, 2016 and 2015 was \$981,249 and \$963,383 respectively.

NOTE 5 - 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 year ended September 30, 2016 and 2015 PILOT expense of \$ 177,771 and \$143,433 was accrued respectively.

NOTE 5 - Accrued Compensated Absences

Accrued compensated absences of \$185,480 and \$171,128 at September 30, 2016 and 2015 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 \$ 17,847 and \$17,113 respectively at September 30, 2016 and 2015.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 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/treasury/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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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 June 30, 2016 the measurement date, the Authority reported \$3,304,577 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 percentage as of June 30, 2016 was .0111576535%.

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

	<u>2016</u>
Total Pension Liability	\$ 5,520,215
Plan Fiduciary Net Position	<u>2,215,638</u>
Net Pension Liability	<u>\$ 3,304,577</u>

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

Actuarial Assumptions - The Authority's net pension liability for the fiscal year ended September 30, 2016 was determined at a measurement date of June 30, 2016. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial evaluation as of July 1, 2015, which was rolled forward to June 30, 2016. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

	<u>2016</u>
Inflation Rate	3.08%
Salary Increases	
Through 2026	1.65% - 4.15%
	based on age
Thereafter	2.65% - 5.15%
	based on age
Investment Rate of Return	7.65%

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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 disabled 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, 2015 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 actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic rates of return for each major asset class included in PERS's target allocation as of June 30, 2016 are summarized in the following table:

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 – Pension Plan - Continued

Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future 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 total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority as of June 30, 2016, 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:

	1% Decrease	Current Assumption	1% Increase
	(2.98%)	(3.98%)	(4.98%)
2016	\$ 4,049,373.33	\$ 3,304,577	\$ 1,994,651.61

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 – Pension Plan - Continued

For the year ended September 30, 2015, the Authority recognized pension expense of \$90,970. At September 30, 2015 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amort. Period	Beginning of Year Balance	Normalization of Beginning Balance	Additions	Deductions	End of Year Balance
Difference between expected and actual experience	2015	5.72 years	\$ 58,513	\$ 59,753	\$ -	\$ 12,660	\$ 47,094
	2016	5.57 years	-	-	17,505	3,143	14,362
			<u>58,513</u>	<u>59,753</u>	<u>17,505</u>	<u>15,802</u>	<u>61,456</u>
Changes in Assumption	2014	6.44 years	55,863	53,615		12,075	41,539
	2015	5.72 years	210,899	215,367		45,629	169,739
	2016	5.57 years	-	-	576,811	103,557	473,254
			<u>266,762</u>	<u>268,982</u>	<u>576,811</u>	<u>161,261</u>	<u>684,532</u>
Changes between projected and actual earnings on pension investments	2014	5 years	(97,286)	(93,371)	-	(31,124)	(62,247)
	2015	5 years	51,999	53,100	-	13,275	39,825
	2016	5 years	-	-	185,535	37,107	148,428
			<u>(45,287)</u>	<u>(40,270)</u>	<u>185,535</u>	<u>19,259</u>	<u>126,007</u>
Subtotal			<u>279,988</u>	<u>288,465</u>	<u>779,851</u>	<u>196,322</u>	<u>871,994</u>
Changes in Proportion	2014	6.44 years	186,384	178,883	-	40,289	138,594
	2015	5.72 years	16,811	17,167	-	3,637	13,530
	2016	5.57 years	-	-	4,213	756	3,457
			<u>203,195</u>	<u>196,050</u>	<u>4,213</u>	<u>44,682</u>	<u>155,581</u>
Grand Total			<u>\$ 483,183</u>	<u>\$ 484,516</u>	<u>\$ 784,064</u>	<u>\$ 241,004</u>	<u>\$ 1,027,575</u>

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 – Pension Plan - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

<u>Year</u>	<u>Amortization</u>
2017	\$ 196,321
2018	196,321
2019	227,445
2020	191,087
2021	60,819
Total	<u>\$ 871,993</u>

\$155,581 reported as deferred outflows related to changes in the housing authority's proportion will be amortized over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016 amounts:

Year ended June 30:

<u>Year</u>	<u>Amortization</u>
2017	\$ 44,683
2018	44,683
2019	44,683
2020	21,102
2021	430
Total	<u>\$ 155,581</u>

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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.

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>
2017	\$ 215,000	\$ 113,425	\$ 328,425
2018	225,000	103,809	328,809
2019	235,000	93,856	328,856
2020	245,000	83,465	328,465
2021	260,000	71,911	331,911
2022-2026	1,335,000	162,270	1,497,270
	<u>\$ 2,515,000</u>	<u>\$ 628,736</u>	<u>\$ 3,143,736</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, 2016 and 2015 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:

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 – Other Post Employee Retirement Benefits (OPEB)

	<u>2016</u>	<u>2015</u>
Annual Required Contribution	\$296,696	\$ 283,989
Interest on OPEB Obligation	30,561	19,442
Adjustment to annual required contribution	85,229	85,229
Annual OPEB cost (expense)	412,486	388,660
Contributions made	112,986	110,693
Increase in net OPEB obligation	299,500	277,967
Net OPEB Obligation – beginning of year -2015	<u>764,015</u>	<u>486,048</u>
Net OPEB Obligation – end of year-2016	<u>\$1,063,515</u>	<u>\$ 764,015</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 2016 and 2015 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>
9/30/2013	\$ 191,739	0.47	\$ 385,984
9/30/2014	\$ 191,739	0.47	\$ 486,048
9/30/2015	\$ 277,967	0.14	\$ 764,015
9/30/2016	\$ 299,500	0.11	\$1,063,515

FUNDED STATUS AND FUNDING PROGRES

As of September 30, 2016 the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$4,005,429 and \$3,814,006 respectively, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,005,429 and \$3,814,006 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, 2016

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

2011	Costs are Known
2012	10.0%
2013	9.0%
2014	8.0%
2015	7.0%
2016	6.0%

Actuarial Value of Assets: N/A

Amortization of UAAL: Amortized as level dollar amount over 30 years at transition

Remaining Amortization Period: 23 years at September 30, 2016

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, 2016 and 2015, 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, 2016 and 2015, 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, 2016

NOTE 12 – Prior Period Adjustment

During fiscal year ended September 30, 2015, a prior period adjustment was recorded for \$1,979,022 for the implementation of Government Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions as required by Generally Accepted Accounting Principles for government entities.

Note 13 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through June 29, 2017, 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, 2016

	Beginning Balance	Revenue Recognized	Expenditures	Ending Balance
Operating Subsidy (CFDA # 14.850)	\$ -	\$ 1,462,600	\$ 1,462,600	\$ -
Capital Fund Program (CFDA # 14.872)	-	420,730	420,730	-
Total Federal Financial Assistance	<u>\$ -</u>	<u>\$ 1,883,330</u>	<u>\$ 1,883,330</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 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: 09/30/2016

	Project Total	8 Other Federal Program 1	COCG	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,658,080			\$2,658,080		\$2,658,080
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted	\$6,754			\$6,754		\$6,754
114 Cash - Tenant Security Deposits	\$185,545			\$185,545		\$185,545
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$2,850,379	\$0	\$0	\$2,850,379		\$2,850,379
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$236,012			\$236,012		\$236,012
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous			\$49,090	\$49,090		\$49,090
126 Accounts Receivable - Tenants	\$11,386			\$11,386		\$11,386
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	\$838			\$838		\$838
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$240,110	\$0	\$49,090	\$289,200		\$289,200
131 Investments - Unrestricted	\$1,155,546		\$588,053	\$1,761,599		\$1,761,599
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$43,305		\$5,000	\$43,305		\$43,305
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$4,284,340	\$0	\$650,143	\$4,934,483		\$4,934,483
161 Land	\$2,202,669			\$2,202,669		\$2,202,669
162 Buildings	\$27,465,514			\$27,465,514		\$27,465,514
163 Furniture, Equipment & Machinery - Dwellings	\$685,936			\$685,936		\$685,936
164 Furniture, Equipment & Machinery - Administration	\$280,891		\$526,512	\$817,403		\$817,403
165 Leasehold Improvements	\$4,950,729			\$4,950,729		\$4,950,729
166 Accumulated Depreciation	-\$13,638,663		-\$626,512	-\$14,065,175		-\$14,065,175
167 Construction in Progress	\$347,683			\$347,683		\$347,683
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$22,404,759	\$0	\$0	\$22,404,759		\$22,404,759
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	\$22,404,759	\$0	\$0	\$22,404,759		\$22,404,759
200 Deferred Outflow of Resources	\$776,280		\$251,295	\$1,027,575		\$1,027,575
280 Total Assets and Deferred Outflow of Resources	\$27,465,379	\$0	\$901,438	\$28,366,817		\$28,366,817
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$62,702			\$62,702		\$62,702
313 Accounts Payable >90 Days Past Due			\$21,739	\$21,739		\$21,739
321 Accrued Wages/Payroll Taxes Payable	\$23,110		\$7,415	\$30,525		\$30,525
322 Accrued Compensated Absences - Current Portion	\$13,778		\$4,069	\$17,847		\$17,847

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

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	Project Total	8 Other Federal Program 1	COCG	Subtotal	ELIM	Total
324 Accrued Contingency Liability						
325 Accrued Interest Payable	\$44,256			\$44,256		\$44,256
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$321,202			\$321,202		\$321,202
341 Tenant Security Deposits	\$185,545			\$185,545		\$185,545
342 Unearned Revenue	\$16,614			\$16,614		\$16,614
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$215,000			\$215,000		\$215,000
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other	\$116,390			\$116,390		\$116,390
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	\$1,018,597	\$0	\$33,223	\$1,051,820		\$1,051,820
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$2,300,000			\$2,300,000		\$2,300,000
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$131,015		\$36,618	\$167,633		\$167,633
355 Loan Liability - Non Current						
356 FASB 6 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$3,291,554		\$1,076,538	\$4,368,092		\$4,368,092
350 Total Non-Current Liabilities	\$5,722,569	\$0	\$1,113,156	\$6,835,725		\$6,835,725
300 Total Liabilities	\$8,741,166	\$0	\$1,146,379	\$7,887,545		\$7,887,545
400 Deferred Inflow of Resources	\$67,733		\$19,614	\$87,547		\$87,547
608.4 Net Investment in Capital Assets	\$19,889,759			\$19,889,759		\$19,889,759
511.4 Restricted Net Position	\$6,754			\$6,754		\$6,754
512.4 Unrestricted Net Position	\$759,967	\$0	-\$284,755	\$495,212		\$495,212
513 Total Equity - Net Assets / Position	\$20,656,480	\$0	-\$284,755	\$20,391,725		\$20,391,725
609 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$27,465,379	\$0	\$901,438	\$28,366,817		\$28,366,817

Hackensack Housing Authority (NJ028)
HACKENSACK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	Project Total	8 Other Federal Program 1	COCG	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,672,118			\$2,672,118		\$2,672,118
70400 Tenant Revenue - Other	\$9,300			\$9,300		\$9,300
70500 Total Tenant Revenue	\$2,681,418	\$0	\$0	\$2,681,418	\$0	\$2,681,418
70600 HUD PHA Operating Grants	\$1,608,766			\$1,608,766		\$1,608,766
70610 Capital Grants	\$277,169			\$277,169		\$277,169
70710 Management Fee			\$411,158	\$411,158	-\$411,158	\$0
70720 Asset Management Fee			\$60,480	\$60,480	-\$60,480	\$0
70730 Book Keeping Fee			\$45,143	\$45,143	-\$45,143	\$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue			\$516,781	\$516,781	-\$516,781	\$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$11,932		\$2,600	\$14,432		\$14,432
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	\$142,599		\$338,385	\$480,984		\$480,984
71600 Gain or Loss on Sale of Capital Assets	\$819			\$819		\$819
72000 Investment Income - Restricted	\$38			\$38		\$38
70000 Total Revenue	\$4,722,741	\$0	\$857,866	\$5,580,407	-\$516,781	\$5,063,626
91100 Administrative Salaries	\$154,897		\$218,038	\$372,935		\$372,935
91200 Auditing Fees	\$4,000		\$2,500	\$6,500		\$6,500
91300 Management Fee	\$411,168			\$411,168	-\$411,168	\$0
91310 Book-keeping Fee	\$45,143			\$45,143	-\$45,143	\$0
91400 Advertising and Marketing						
91500 Employee Benefit Contributions - Administrative	\$225,882		\$273,407	\$499,089		\$499,089
91600 Office Expenses	\$51,993		\$138,673	\$190,556		\$190,556
91700 Legal Expense	\$12,288		\$34,034	\$46,300		\$46,300
91800 Travel	\$2,400		\$1,308	\$3,708		\$3,708
91810 Allocated Overhead						
91800 Other						
91000 Total Operating - Administrative	\$907,509	\$0	\$667,800	\$1,575,369	-\$456,301	\$1,119,068
92000 Asset Management Fee	\$60,480			\$60,480	-\$60,480	\$0
92100 Tenant Services - Salaries	\$121,848			\$121,848		\$121,848
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$167,229			\$167,229		\$167,229
92400 Tenant Services - Other	\$64,218			\$64,218		\$64,218
92500 Total Tenant Services	\$353,295	\$0	\$0	\$353,295	\$0	\$353,295
93100 Water	\$191,790			\$191,790		\$191,790
93200 Electricity	\$488,344			\$488,344		\$488,344
93300 Gas	\$176,167			\$176,167		\$176,167
93400 Fuel						
93500 Labor	\$10,000			\$10,000		\$10,000
93600 Sewer	\$34,988			\$34,988		\$34,988
93700 Employee Benefit Contributions - Utilities	\$9,995			\$9,995		\$9,995
93800 Other Utilities Expense	\$12,427			\$12,427		\$12,427
93000 Total Utilities	\$903,711	\$0	\$0	\$903,711	\$0	\$903,711
94100 Ordinary Maintenance and Operations - Labor	\$389,401			\$389,401		\$389,401
94200 Ordinary Maintenance and Operations - Materials and Other	\$111,520			\$111,520		\$111,520

Hackensack Housing Authority (NJ028)

HACKENSACK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	Project Total	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts	\$397,167			\$397,167		\$397,167
94500 Employee Benefit Contributions - Ordinary Maintenance	\$424,764			\$424,764		\$424,764
94000 Total Maintenance	\$1,302,852	\$0	\$0	\$1,302,852	\$0	\$1,302,852
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	\$0	\$200,000	\$0	\$200,000
96110 Property Insurance	\$76,521			\$76,521		\$76,521
96120 Liability Insurance	\$38,261			\$38,261		\$38,261
96130 Workmen's Compensation	\$38,261		\$15,500	\$53,761		\$53,761
96140 All Other Insurance						
96100 Total Insurance Premiums	\$163,043	\$0	\$15,500	\$168,543	\$0	\$168,543
96200 Other General Expenses	\$91,062		\$298,127	\$389,209		\$389,209
96210 Compensated Absences	\$4,492		\$11,188	\$15,680		\$15,680
96300 Payments in Lieu of Taxes	\$177,771			\$177,771		\$177,771
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$273,345	\$0	\$309,315	\$582,660	\$0	\$582,660
96710 Interest of Mortgage (or Bonds) Payable	\$123,156			\$123,156		\$123,156
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$123,156	\$0	\$0	\$123,156	\$0	\$123,156
96900 Total Operating Expenses	\$4,277,391	\$0	\$902,675	\$5,270,066	-\$516,781	\$4,753,285
97000 Excess of Operating Revenue over Operating Expenses	\$445,350	\$0	-\$135,009	\$310,341	\$0	\$310,341
97100 Extraordinary Maintenance	\$37,399			\$37,399		\$37,399
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$981,249			\$981,249		\$981,249
97600 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$5,298,039	\$0	\$902,675	\$6,288,714	-\$516,781	\$5,771,933
10010 Operating Transfer In						
10020 Operating transfer Out						
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10080 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						
10083 Transfers between Program and Project - In						

Hackensack Housing Authority (NJ028)
HACKENSACK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	Project Total	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
10084 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	-\$573,298	\$0	-\$135,009	-\$708,307	\$0	-\$708,307
11020 Required Annual Debt Principal Payments	\$205,000	\$0	\$0	\$205,000	\$0	\$205,000
11030 Beginning Equity	\$21,229,778	\$0	-\$129,746	\$21,100,032	\$0	\$21,100,032
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors						
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	6048	0	0	6048	0	6048
11210 Number of Unit Months Leased	6019	0	0	6019	0	6019
11270 Excess Cash	\$2,875,033			\$2,875,033		\$2,875,033
11610 Land Purchases	\$0		\$0	\$0		\$0
11620 Building Purchases	\$37,794		\$0	\$37,794		\$37,794
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	\$332,960		\$0	\$332,960		\$332,960
13901 Replacement Housing Factor Funds	\$0		\$0	\$0		\$0

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
 Hackensack, New Jersey
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
 As of September 30, 2016

	CFP 2011 NJ39P028501-11	CFP 2012 NJ39P028501-12	CFP 2013 NJ39P028501-13	CFP 2014 NJ39P028501-14	Total
Funds Approved	\$ 786,902	\$ 674,120	699,086.00	727,815.00	\$2,887,923
Funds Expended	<u>786,902</u>	<u>674,120</u>	<u>699,086.00</u>	<u>727,815.00</u>	<u>2,887,923</u>
Excess/(Deficiency) Approved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Funds Advanced	786,902	674,120	699,086.00	727,815.00	2,887,923
Funds Expended	<u>786,902</u>	<u>674,120</u>	<u>699,086.00</u>	<u>727,815.00</u>	<u>2,887,923</u>
Excess/(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS

1. All modernization work done in connection with this program has been completed.
2. All liabilities in connection with this program have been paid.
3. Modernization costs included on the Actual Modernization Cost Certificates submitted to HUD is in agreement with PHA's records.

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, 2016

	<u>2016</u>	<u>2015</u>
Housing Authority's Proportion of the Net Pension Liability	0.0111577%	0.0109262%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 3,304,577	\$ 2,452,713
Housing Authority's Covered Employee Payroll	849,012	785,173
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	389.23%	312.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 116,312	\$ 118,187
Contribution in Relation to the Contractually Required Contribution	\$ (116,312)	\$ (118,187)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 831,047	\$ 785,173
Contribution as a Percentage of Covered Employee Payroll	14.00%	15.05%



CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the 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, 2016 and have issued our report thereon dated June 29, 2017.

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 29, 2017



CERTIFIED PUBLIC ACCOUNTANTS

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**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'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, 2016. 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(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, 2016.

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 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.

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
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 29, 2017

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
Hackensack, New Jersey
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2016

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 2 CFR 200.516(a)
of the Uniform Guidance

_____ 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

\$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.