

HOUSING AUTHORITY OF THE
CITY OF HACKENSACK
Hackensack, New Jersey

FINANCIAL STATEMENTS
For the Years Ended
September 30, 2023 and 2022

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS At September 30, 2023

As Management of the Housing Authority of the City of Hackensack, 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, 2023. 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 \$22,754,338 (net position) as opposed to \$21,543,595 for the prior fiscal year.
- 2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Income increase of \$822,867 as opposed to a net increase of \$1,356,940 in the prior fiscal year.
- 3 – The Authority's unrestricted cash and cash equivalent at September 30, 2023 was \$9,689,419 representing an increase of \$1,727,725 from the prior fiscal year.
- 4 – The Authority had Total Operating Revenues of \$6,491,686, and Total Operating Expenses of \$5,943,685 for the year ended September 30, 2023.
- 5 – The Authority's capital outlays for the fiscal year were \$979,823 which was funded by the RAD Rehab account.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

2 – General Purpose Financial Statements

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).

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 Proportionate Share of Pension Liability of Public Employees Retirement System, Schedule of Authority Contribution to the Public Employees Retirement System, Schedule of Changes in the Total OPEB Liability and Schedule of Contributions to the Employees State Health Benefit Plan are presented for purposes of additional analysis as required by Governmental Accounting Standards Board (GASB) 68 and 75. 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 34 and 35, respectively and the Schedule of Changes in the Total OPEB Liability and the Schedule of Contributions to the Employees State Health Benefit Plan can be found on pages 36-37 respectively. The Financial Data schedule is presented for additional analysis only. The Financial Data Schedule can be found on pages 29-33.

C – The Authority as a Whole

The Authority's Unrestricted Net Position increased by \$1,868,332. The increase was primarily caused by operating revenues of \$6,491,686 exceeding operating expenses of \$5,943,685 during the fiscal year ended September 30, 2023.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

D – Budgetary Highlights

For the year ended September 30, 2023, 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.

E – Capital Assets and Debt Administration

As of September 30, 2023, the Authority's investment in capital assets for its Proprietary Fund was \$19,990,565 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

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

2 – Long Term Debt

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

F – Significant Changes from FYE September 30, 2022, to September 30, 2023

Cash and other current assets increased by \$477,505 due to operating revenues exceeding operating expenses during the current fiscal year.

Capital Assets increased \$179,309. The Housing Authority had fixed asset purchases of \$979,823 and incurred \$800,515 of depreciation expense during the current fiscal year.

Deferred outflow of resources increased \$358,844, deferred inflow of resources decreased \$339,950 and accrued pension and OPEB liabilities increased by \$294,631 due to the most recent pension and OPEB actuarial valuations.

Other Revenues decreased by \$454,814. During the fiscal year ended September 30, 2022 a lawsuit settlement with HUD was settled and the Authority received \$504,566.

Total operating expenses increased by \$654,616. Administrative expenses increased by \$218,782 mainly because salaries and benefits increased by \$125,619 and legal expense increased by approximately \$79,000; maintenance expense increased by \$183,865 mainly due to contract costs increasing by approximately \$102,000; and other general expense increased by \$280,000 mainly because a large number of bad tenant debts were written off during the current fiscal year.

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, 2024:

- 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 9/30/2023	Year End 9/30/2022	Variance
Cash and Other Current Assets	\$ 10,884,245	\$ 10,406,740	\$ 477,505
Capital Assets - Net	21,249,685	21,070,376	\$ 179,309
Other Assets	1,259,269	1,275,556	(16,287)
Deferred Outflow of Resources	<u>1,491,750</u>	<u>1,132,906</u>	<u>358,844</u>
Total Assets	<u>34,884,949</u>	<u>33,885,578</u>	<u>640,527</u>
Less: Liabilities	7,955,991	7,827,413	128,578
Less: Deferred Inflow of Resources	<u>4,174,620</u>	<u>4,514,570</u>	<u>(339,950)</u>
Net Position	<u>22,754,338</u>	<u>21,543,595</u>	<u>511,949</u>
Net Investment in Capital Assets	19,990,565	19,731,800	258,765
Restricted Net Position	428,732	1,345,086	(916,354)
Unrestricted Net Position	<u>2,335,041</u>	<u>466,709</u>	<u>1,868,332</u>
Total Net Position	<u>\$ 22,754,338</u>	<u>\$ 21,543,595</u>	<u>\$ 1,210,743</u>

Computation of Changes in Net Position are as Follows:

<u>Revenues</u>			
Tenant Revenues	\$ 5,800,748	\$ 5,457,054	\$ 343,694
Other Revenues	<u>690,938</u>	<u>1,145,752</u>	<u>(454,814)</u>
Total Operating Revenues	<u>6,491,686</u>	<u>6,602,806</u>	<u>(111,120)</u>
<u>Expenses</u>			
Total Operating Expenses	5,143,170	4,389,890	753,280
Extraordinary Maintenance	-	83,267	(83,267)
Depreciation Expense	<u>800,515</u>	<u>815,912</u>	<u>(15,397)</u>
Total Operating Expenses	<u>5,943,685</u>	<u>5,289,069</u>	<u>654,616</u>
Excess (Deficiency) of Operating Revenues over Expenses	548,001	1,313,737	(765,736)
<u>Non-Operating Income</u>			
Interest on Investments	<u>274,866</u>	<u>43,203</u>	<u>231,663</u>
Excess of Revenues over Expenses	822,867	1,356,940	(534,073)
Net Position - Prior	<u>21,543,595</u>	<u>19,726,164</u>	<u>1,817,431</u>
Prior Period Adjustment	<u>387,876</u>	<u>460,491</u>	<u>(72,615)</u>
Total Net Position	<u>\$ 22,754,338</u>	<u>\$ 21,543,595</u>	<u>\$ 1,210,743</u>



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Net Position, Revenue, Expenses, and Changes in Net Position, and Cash Flows of the Housing Authority of the City of Hackensack, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Hackensack's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of September 30, 2023 and 2022, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Hackensack and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Hackensack's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Housing Authority of the City of Hackensack's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Hackensack's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Hackensack's basic financial statements. The accompanying schedule of expenditures of federal awards is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* presented for purposes of additional analysis and is not a required part of the basic financial statements. The Financial Data Schedule and supporting schedules of the Authority's portion of the Public Employees Retirement Systems (PERS) and Other Post-Employment Benefits (OPEB) liabilities are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the financial data schedule, and the statement and certification of completed modernization grants are fairly stated, in all material respects, in relation to the basic 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 25, 2024 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 solely 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 the effectiveness of the Housing Authority of the City of Hackensack's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Hackensack's internal control over financial reporting and compliance.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 20, 2024

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>		
Dwelling Rentals	\$ 5,800,748	\$ 5,457,054
Other Income	<u>690,938</u>	<u>1,145,752</u>
Total Revenues	<u>6,491,686</u>	<u>6,602,806</u>
 <u>EXPENSES</u>		
Administration	1,268,714	1,049,932
Tenant Services	278,092	238,422
Utilities	1,034,455	1,002,238
Ordinary Maintenance & Operations	1,478,902	1,295,037
Protective Services	108,333	100,000
General Expense	919,586	639,103
Nonroutine Maintenance	-	83,267
Depreciation Expense	800,515	815,912
Interest Expense	<u>55,088</u>	<u>65,158</u>
Total Operating Expenses	<u>5,943,685</u>	<u>5,289,069</u>
 Operating Income/(Loss)	548,001	1,313,737
 Non Operating Revenues/(Expenses):		
Interest Income Unrestricted	249,345	43,203
Interest Income Restricted	<u>25,521</u>	<u>-</u>
 Net Operating Income/(Loss) Before Contributions and Transfers	<u>822,867</u>	<u>1,356,940</u>
 Net Income/(Loss)	822,867	1,356,940
 Beginning Net Position	<u>21,543,595</u>	<u>19,726,164</u>
 Prior Period Adjustment	<u>387,876</u>	<u>460,491</u>
Ending Net Position	<u>\$ 22,754,338</u>	<u>\$ 21,543,595</u>

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
Hackensack, New Jersey
COMPARATIVE STATEMENT OF CASH FLOWS
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 5,930,078	\$ 5,350,727
From Government Agencies for Operating Grants	-	-
From Other Operating Revenues	665,478	811,600
Cash Paid		
To Employees for Operations	(1,237,017)	(1,132,725)
To Suppliers for Operations	(3,949,004)	(3,291,742)
Net Cash Provided by Operating Activities	<u>1,409,535</u>	<u>1,737,860</u>
<u>CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES</u>		
Repayment of Long Term Debt	(132,238)	(472,169)
Acquisition of Property & Equipment	(979,824)	(291,444)
Net Cash Used by Capital & Related Financing Activities	<u>(1,112,062)</u>	<u>(763,613)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received from Sale of Investments	238,801	(449)
Cash Received for Tenant Security Deposits	10,407	10,768
Investment Income	274,866	43,203
Net Cash Provided by Investing Activities	<u>524,074</u>	<u>53,522</u>
Net Increase (Decrease) in Cash & Cash Equivalents	821,547	1,027,769
Cash & Equivalents at Beginning of Period	<u>9,538,490</u>	<u>8,510,721</u>
Cash & Equivalents at End of Period	<u>\$ 10,360,037</u>	<u>\$ 9,538,490</u>
<u>RECONCILIATION OF OPERATING INCOME/(LOSS)</u>		
<u>TO NET CASH PROVIDED/(USED) IN OPERATIONS</u>		
Operating Income/(Loss)	\$ 548,001	\$ 1,313,737
Adjustments to reconcile Operating Income/(Loss) to Net Cash Provided/(Used) in Operating Activities:		
Depreciation	800,515	815,912
Deferred Outflow of Resources	(358,844)	286,935
Deferred Inflow of Resources	(339,950)	1,095,071
Decrease (Increase) in Assets		
Accounts Receivable - Tenants	134,393	(108,383)
Accounts Receivable - Other	(25,460)	(334,152)
Prepaid Expenses	(3,693)	20,228
Leases Receivable	16,287	(1,275,556)
Increase/(Decrease) in Liabilities		
Accounts Payable	(75,047)	47,122
PILOT Payable	38,053	(7,476)
Accrued Expenses	(2,164)	(11,181)
Accrued Pension and OPEB Liability	682,507	(106,453)
Deferred Revenues - Prepaid Rents	(5,063)	2,056
Net Cash Provided to Operating Activities	<u>\$ 1,409,535</u>	<u>\$ 1,737,860</u>

Cash paid for Interest was \$55,088

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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

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

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

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

C. Significant Accounting Policies

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

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

b. Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures", which supplements Statement No. 34.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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

Statement No. 34 established standards for all state and local governmental entities that include a statement of net assets, a statement of activities and a statement of cash flows. It requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets. Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources, and Net Position" requires the re-naming of the Statement of Net Assets to the Statement of Net Position.

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

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

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

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

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

Significant Accounting Policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash, certificates of deposit, and other investments with original maturities of less than three months from the date of purchase.

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

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

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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, 2023 and 2022, the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

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

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

d. New Accounting Pronouncement

On July 1, 2021, the Authority was required to adopt Governmental Accounting Standards Board No. 87, Leases. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, the lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Additional information regarding the Authority's lease receivables and lease liabilities can be found in Note to these financial statements.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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 \$10,360,037 and \$9,538,490 at September 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Checking Accounts	\$ 9,688,819	\$ 7,961,093
Restricted Cash	428,732	1,345,086
Security Deposits	241,886	231,711
Petty Cash	<u>600</u>	<u>600</u>
	<u>\$ 10,360,037</u>	<u>\$ 9,538,490</u>

The carrying amount of the Authority's cash and cash equivalents on deposit as of September 30, 2023 was \$10,360,037 and the bank balances were \$10,304,667. Of the bank balances, \$535,472 was covered by FDIC insurance and \$9,769,195 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, \$9,769,195 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, 2023 and 2022:

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 3 – Investments - Continued

	<u>2023</u>
Certificate of Deposits with a maturity date of six months from the date of acquisition	\$ <u> -</u>

	<u>2022</u>
Certificate of Deposit with a date maturity of six months from date of acquisiton	\$ <u> 238,801 </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, 2023 and 2022 are included in Level 2 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, 2023 and 2022:

	<u>Oct 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Other</u>	<u>Sep 30, 2023</u>
Land	\$ 2,202,669	\$ -	\$ -	\$ -	\$ 2,202,669
Buildings & Improvements	30,650,745	156,358	-	-	30,807,103
Furniture & Equipment- Dwelling	968,748	62,649	-	-	1,031,397
Furniture & Equipment - Admin	1,209,330	102,394	-	-	1,311,724
Leasehold Improvements	4,976,221	-	-	-	4,976,221
Construction in Progress	46,293	658,422	-	-	704,715
Total	<u>40,054,006</u>	<u>979,823</u>	<u>-</u>	<u>-</u>	<u>41,033,829</u>
Accumulated Depreciation	<u>(18,983,631)</u>	<u>(800,515)</u>	<u>-</u>	<u>-</u>	<u>(19,784,146)</u>
Net	<u>\$ 21,070,375</u>	<u>\$ 179,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,249,683</u>

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 4 - Fixed Assets - Continued

	<u>Oct 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Other</u>	<u>Sep 30, 2022</u>
Land	\$ 2,202,669	\$ -	\$ -	\$ -	\$ 2,202,669
Buildings & Improvements	30,464,745	186,000	-	-	30,650,745
Furniture & Equipment- Dwellin	909,598	59,150	-	-	968,748
Furniture & Equipment - Admin	1,209,330	-	-	-	1,209,330
Leasehold Improvements	4,976,221	-	-	-	4,976,221
Construction in Progress	-	46,293	-	-	46,293
Total	<u>39,762,563</u>	<u>291,443</u>	<u>-</u>	<u>-</u>	<u>40,054,006</u>
Accumulated Depreciation	<u>(18,167,719)</u>	<u>(815,912)</u>	<u>-</u>	<u>-</u>	<u>(18,983,631)</u>
Net	<u>\$ 21,594,844</u>	<u>\$ (524,469)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,070,375</u>

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, 2023 and 2022 was \$800,515 and \$815,912 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) 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, 2023 and 2022 PILOT expense of \$232,798 and \$197,803 was accrued respectively.

NOTE 5 – Accrued Compensated Absences

Accrued compensated absences of \$242,108 and \$244,272 at September 30, 2023 and 2022 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 \$24,211 and \$24,432 respectively at September 30, 2023 and 2022.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
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September 30, 2023

NOTE 6 – Pension Plan

General Information about the Pension Plan

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: www.state.nj.us/terasury/pensions/annrpts.shtml.

Benefits Provided - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of $1/55^{\text{th}}$ 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 2022, 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.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – Pension Plan – Continued

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

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

At the June 30, 2022 and June 30, 2021 measurement dates, the Authority reported \$1,798,283 and \$1,380,997, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of June 30, 2023 and June 30, 2022 were 0.0119636% and 0.0116574%, respectively.

The components of the Authority's net pension liability as of June 30, 2022, the most recent evaluation date is as follows:

	<u>2023</u>	<u>2022</u>
Total Pension Liability	\$ 4,908,578	\$ 4,704,876
Plan Fiduciary Net Position	<u>3,110,294</u>	<u>3,323,879</u>
Net Pension Liability	<u>\$ 1,798,283</u>	<u>\$ 1,380,997</u>

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

Actuarial Assumptions - The total pension liability as of June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.00% - 6.00%
	based on years of service
Thereafter	3.00% - 7.00%
	based on years of service
Investment Rate of Return	7.00%

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – Pension Plan - Continued

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the bases year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long term expected rate of return on plan investments (7% at June 30, 2021 and June 30, 2022) 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 real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2022 are summarized in the following table:

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 – Pension Plan - Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	11.19%
Real Estate	8.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2022 and 2021, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal rate of 3.50% as of June 30, 2022 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 based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – Pension Plan - Continued

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the collective net pension liability of the Authority as of June 30, 2023 and June 30, 2022, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% <u>Decrease</u>	At June 30 Discount <u>Rate</u>	At 1% <u>Increase</u>
2023	\$ 2,339,140	\$ 1,798,283	\$ 1,379,593
2022	\$ 1,900,685	\$ 1,390,997	\$ 967,182

For the year ended September 30, 2023, the Authority recognized pension expense of \$150,266. At September 30, 2021 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources
Changes of assumptions	\$ 5,572	\$ 269,274	\$ 21,780	\$ 491,644
Differences between expected and actual experience	12,979	11,446	7,192	9,886
Net differences between projected and actual earnings on plan investments	74,429	-	-	363,791
Changes in proportion	66,727	6,443	53,445	10,083
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	\$ 159,707	\$ 287,163	\$ 82,417	\$ 875,404

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) relate to pensions will be recognized in pension expense as shown in the below chart. The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.04, 5.13, 5.16, 5.63, 5.48 and 5.57 for the years 2022, 2021, 2020, 2019, 2018 and 2017 respectively

Year ended June 30:

<u>Year</u>	<u>Amortization</u>
2023	\$ (154,871)
2024	(78,902)
2025	(38,479)
2026	83,946
2027	(184)
Total	\$ (188,490)

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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.

On July 14, 2017, the Authority converted all of its public housing units to HUD's Rental Assistance Demonstration Program or RAD. Simultaneously they entered into a \$3,150,000, 4.25% fixed interest note. The note is being amortized over 18 years and has a balloon payment of \$1,761,570 on the maturity date, August 1, 2035. Principal and interest payments are \$15,611 and began on September 1, 2017. The proceeds from the note were used to satisfy the outstanding tax exempt NJ HMFA bonds. As of September 30, 2022 the balance remaining on the loan is \$1,206,338 and the Authority anticipates on paying the loan in full by September 30, 2026.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 450,000	\$ 54,600	\$ 504,600
2025	450,000	53,100	503,100
2026	306,338	52,860	359,198
Thereafter	-	-	-
	<u>\$ 1,206,338</u>	<u>\$ 160,560</u>	<u>\$ 1,366,898</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, 2023 and 2022 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)

PLAN DESCRIPTION

The Authority administers a cost sharing multiple employer defined benefit postemployment health care benefit (OPEB) plan. The Authority was required to adopt a resolution to participate in the Plan. Coverage under the plan is available to employee spouses and benefits may continue to surviving spouses.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 9 – Other Post Employee Retirement Benefits (OPEB) - Continued

BENEFITS PROVIDED

The Plan provides medical and prescription drugs to retirees and their covered dependents of the Authority. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, the Authority elects to provide postretirement medical coverage to its employees and must file a resolution with the Division. Under Chapter 88, the Authority has elected to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows the Authority to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the Authority may assume the cost of postretirement medical coverage for employees and their dependents who 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

BASIS OF PRESENTATION

GASB Statement No. 75 requires the Authority to recognize its proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense.

EMPLOYEES COVERED UNDER THE PLAN

At October 1, 2020, the census date in the most recent plan valuation report, the following employees were covered under the plan:

Inactive Employees or Beneficiaries Receiving Benefits	9
Active employees	<u>15</u>
Total Employees included in Plan	<u>24</u>

TOTAL OPEB LIABILITY

The Authority's total other postemployment benefit ("OPEB") liability of \$3,799,677 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date. The components of the net OPEB liability as of June 30, 2022 are as follows:

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 9 – Other Post Employee Retirement Benefits (OPEB)

Total OPEB Liability	\$ 3,785,873
Plan Fiduciary Net Position	<u>(13,804)</u>
Net OPEB Liability	<u>\$ 3,799,677</u>

Plan Fiduciary Net Position as a Percentage of the Total OEPB Liability	-0.36%
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The total OPEB liability as of June 30, 2022 was determined by actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.5%
Salary I Service Cost	
Public Employees Retirement System (PERS)	
Initial Fiscal Year Applied	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%

Mortality:

PERS - Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

HEALTH CARE TREND ASSUMPTIONS

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term trend rate after eight years.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 9 – Other Post Employee Retirement Benefits (OPEB)

DISCOUNT RATE

The discount rate for June 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State of New Jersey. The source of 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.

Sensitivity of the total OPEB liability to changes in the discount rates - The below presents the total OPEB liability of the Authority as of September 30, 2023, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

		<u>2.54%</u>		<u>3.54%</u>		<u>4.54%</u>
Total OPEB Liability	\$	4,404,590	\$	3,799,677	\$	3,312,967

SENSITIVITY TO NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Total OPEB Liability	\$ 3,223,380	\$ 3,799,677	\$ 4,537,750

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources
Changes of assumptions	\$ 507,083	\$ 1,296,756	\$ 564,239	\$ 693,318
Differences between expected and actual experience	196,219	704,299	88,012	820,610
Net differences between projected and actual earnings on plan investments	1,000	-	1,875	-
Changes in proportion	627,741	627,133	396,363	849,682
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	<u>\$ 1,332,043</u>	<u>\$ 2,628,188</u>	<u>\$ 1,050,489</u>	<u>\$ 2,363,610</u>

For the year ended September 30, 2023, the Authority recognized a OPEB benefit of \$40,439. At September 30, 2023 and 2022, the Authority reported deferred outflows of resources of \$1,332,043 and \$1,050,489 respectively and deferred inflows of resources for 2023 and 2022 of \$2,628,188 and \$2,363,610 respectively.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 9 – Other Post Employee Retirement Benefits (OPEB)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2023	\$	(344,304)
2024		(344,608)
2025		(272,132)
2026		(121,536)
2027		(27,248)
2028-2029		(186,317)
	\$	<u>(1,296,145)</u>

Note 10 - Leases

As Described in Note 1, the Authority was required to Adopt GASB 87 as of July 1, 2021. The Authority has entered into two leases with third parties where the Authority is the lessor of the rental of rooftop space to cell phone companies.

The Authority has present valued the lease payments receivable using an internal borrowing rate of 4.5% and recorded a deferred inflow for future payments which are being amortized on a straight line basis over the life of the leases. Deferred Inflows at September 30, 2023 were \$1,259,269 net of accumulated amortization of \$16,287.

The following are the principal and interest income due under the lease agreements for the next five years:

	<u>Principal</u>	<u>Interest</u>
Sept 2024	\$ 14,842	\$ 58,512
Sept 2025	15,524	57,830
Sept 2026	18,823	57,083
Sept 2027	21,010	56,171
Sept 2028	23,593	53,886
Thereafter	<u>1,165,477</u>	<u>636,157</u>
	<u>\$ 1,259,269</u>	<u>\$ 919,639</u>

NOTE 11 - Construction Commitments

At September 30, 2023 and 2022, the authority's outstanding construction commitments were not material. The costs pertaining to such commitments will be paid by the RAD Rehabilitation Reserve and RAD Reserve for Repair Accounts.

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 12 – Economic Dependency

For the year ended September 30, 2023 and 2022, a substantial portion of the Authority's revenues were received from the U.S. Dept. Housing & Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

Note 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 20, 2024, the date on which the financial statements were available to be issued and concluded that no subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Hackensack Housing Authority (NJ028)

HACKENSACK, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted		\$9,689,419	\$9,689,419	\$9,689,419
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$428,732	\$428,732	\$428,732
114 Cash - Tenant Security Deposits		\$241,886	\$241,886	\$241,886
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$0	\$10,360,037	\$10,360,037	\$10,360,037
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous		\$409,274	\$409,274	\$409,274
126 Accounts Receivable - Tenants		\$141,674	\$141,674	\$141,674
126.1 Allowance for Doubtful Accounts - Tenants		-\$98,689	-\$98,689	-\$98,689
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery		\$203,088	\$203,088	\$203,088
128.1 Allowance for Doubtful Accounts - Fraud		-\$203,088	-\$203,088	-\$203,088
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$452,259	\$452,259	\$452,259
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets		\$71,949	\$71,949	\$71,949
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$0	\$10,884,245	\$10,884,245	\$10,884,245
161 Land		\$2,202,669	\$2,202,669	\$2,202,669
162 Buildings		\$30,807,103	\$30,807,103	\$30,807,103
163 Furniture, Equipment & Machinery - Dwellings		\$1,031,398	\$1,031,398	\$1,031,398
164 Furniture, Equipment & Machinery - Administration		\$1,311,724	\$1,311,724	\$1,311,724
165 Leasehold Improvements		\$4,976,222	\$4,976,222	\$4,976,222
166 Accumulated Depreciation		-\$19,784,146	-\$19,784,146	-\$19,784,146
167 Construction in Progress		\$704,715	\$704,715	\$704,715
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$21,249,685	\$21,249,685	\$21,249,685
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		\$1,259,269	\$1,259,269	\$1,259,269
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$0	\$22,508,954	\$22,508,954	\$22,508,954
200 Deferred Outflow of Resources		\$1,491,750	\$1,491,750	\$1,491,750
290 Total Assets and Deferred Outflow of Resources	\$0	\$34,684,949	\$34,684,949	\$34,684,949

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Subtotal	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days		\$112,959	\$112,959	\$112,959
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable		\$12,876	\$12,876	\$12,876
322 Accrued Compensated Absences - Current Portion		\$24,211	\$24,211	\$24,211
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government		\$430,601	\$430,601	\$430,601
341 Tenant Security Deposits		\$242,117	\$242,117	\$242,117
342 Unearned Revenue		\$28,471	\$28,471	\$28,471
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings		\$68,012	\$68,012	\$68,012
345 Other Current Liabilities		\$25,555	\$25,555	\$25,555
346 Accrued Liabilities - Other		\$57,006	\$57,006	\$57,006
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$0	\$1,001,808	\$1,001,808	\$1,001,808
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings		\$1,138,326	\$1,138,326	\$1,138,326
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current		\$217,897	\$217,897	\$217,897
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities		\$5,597,960	\$5,597,960	\$5,597,960
350 Total Non-Current Liabilities	\$0	\$6,954,183	\$6,954,183	\$6,954,183
300 Total Liabilities	\$0	\$7,955,991	\$7,955,991	\$7,955,991
400 Deferred Inflow of Resources		\$4,174,620	\$4,174,620	\$4,174,620
508.4 Net Investment in Capital Assets	\$0	\$19,990,565	\$19,990,565	\$19,990,565
511.4 Restricted Net Position	\$0	\$428,732	\$428,732	\$428,732
512.4 Unrestricted Net Position	\$0	\$2,335,041	\$2,335,041	\$2,335,041
513 Total Equity - Net Assets / Position	\$0	\$22,754,338	\$22,754,338	\$22,754,338
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$34,884,949	\$34,884,949	\$34,884,949

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Subtotal	Total
70300 Net Tenant Rental Revenue		\$5,800,748	\$5,800,748	\$5,800,748
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$5,800,748	\$5,800,748	\$5,800,748
70600 HUD PHA Operating Grants				
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted		\$249,345	\$249,345	\$249,345
71200 Mortgage Interest Income		\$57,067	\$57,067	\$57,067
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue		\$633,871	\$633,871	\$633,871
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted		\$25,521	\$25,521	\$25,521
70000 Total Revenue	\$0	\$6,766,552	\$6,766,552	\$6,766,552
91100 Administrative Salaries		\$592,660	\$592,660	\$592,660
91200 Auditing Fees		\$9,425	\$9,425	\$9,425
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative		\$317,977	\$317,977	\$317,977
91600 Office Expenses		\$224,605	\$224,605	\$224,605
91700 Legal Expense		\$112,157	\$112,157	\$112,157
91800 Travel		\$11,890	\$11,890	\$11,890
91810 Allocated Overhead				
91900 Other				
91000 Total Operating - Administrative	\$0	\$1,268,714	\$1,268,714	\$1,268,714
92000 Asset Management Fee				
92100 Tenant Services - Salaries		\$119,761	\$119,761	\$119,761
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services		\$71,424	\$71,424	\$71,424
92400 Tenant Services - Other		\$86,907	\$86,907	\$86,907
92500 Total Tenant Services	\$0	\$278,092	\$278,092	\$278,092
93100 Water		\$254,034	\$254,034	\$254,034
93200 Electricity		\$445,340	\$445,340	\$445,340
93300 Gas		\$240,675	\$240,675	\$240,675
93400 Fuel				
93500 Labor		\$51,280	\$51,280	\$51,280
93600 Sewer		\$1,337	\$1,337	\$1,337
93700 Employee Benefit Contributions - Utilities		\$28,569	\$28,569	\$28,569
93800 Other Utilities Expense		\$13,220	\$13,220	\$13,220

Hackensack Housing Authority (NJ028)

HACKENSACK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Subtotal	Total
93000 Total Utilities	\$0	\$1,034,455	\$1,034,455	\$1,034,455
94100 Ordinary Maintenance and Operations - Labor		\$473,316	\$473,316	\$473,316
94200 Ordinary Maintenance and Operations - Materials and Other		\$174,771	\$174,771	\$174,771
94300 Ordinary Maintenance and Operations Contracts		\$566,547	\$566,547	\$566,547
94500 Employee Benefit Contributions - Ordinary Maintenance		\$264,268	\$264,268	\$264,268
94000 Total Maintenance	\$0	\$1,478,902	\$1,478,902	\$1,478,902
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs		\$108,333	\$108,333	\$108,333
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$108,333	\$108,333	\$108,333
96110 Property Insurance		\$142,053	\$142,053	\$142,053
96120 Liability Insurance		\$71,026	\$71,026	\$71,026
96130 Workmen's Compensation		\$71,026	\$71,026	\$71,026
96140 All Other Insurance				
96100 Total Insurance Premiums	\$0	\$284,105	\$284,105	\$284,105
96200 Other General Expenses		\$167,765	\$167,765	\$167,765
96210 Compensated Absences				
96300 Payments in Lieu of Taxes		\$232,798	\$232,798	\$232,798
96400 Bad debt - Tenant Rents		\$234,918	\$234,918	\$234,918
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$0	\$635,481	\$635,481	\$635,481
96710 Interest of Mortgage (or Bonds) Payable		\$55,088	\$55,088	\$55,088
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$55,088	\$55,088	\$55,088
96900 Total Operating Expenses	\$0	\$5,143,170	\$5,143,170	\$5,143,170
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$1,623,382	\$1,623,382	\$1,623,382
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense		\$800,515	\$800,515	\$800,515
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$0	\$5,943,685	\$5,943,685	\$5,943,685
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				

Hackensack Housing Authority (NJ028)
HACKENSACK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Subtotal	Total
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$822,867	\$822,867	\$822,867
11020 Required Annual Debt Principal Payments	\$0	\$132,238	\$132,238	\$132,238
11030 Beginning Equity	\$0	\$21,543,595	\$21,543,595	\$21,543,595
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$387,876	\$387,876	\$387,876
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	0	6036	6036	6036
11210 Number of Unit Months Leased	0	6011	6011	6011
11270 Excess Cash	\$0		\$0	\$0
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$0		\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

Housing Authority of the 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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Housing Authority's Proportion of the Net Pension Liability	0.0119635%	0.0116574%	0.0117058%	0.0117058%	0.0115937%	0.0114605%	0.0110748%	0.0111577%	0.0109262%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 1,798,283	\$ 1,380,997	\$ 1,908,917	\$ 1,908,917	\$ 2,089,017	\$ 2,256,516	\$ 2,578,032	\$ 3,304,577	\$ 2,452,713
Housing Authority's Covered Employee Payroll	1,237,017	1,132,725	1,015,043	1,188,034	973,708	898,917	648,688	849,012	785,173
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	145.37%	121.92%	188.06%	160.68%	214.54%	251.03%	397.42%	389.23%	312.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	58.32%	56.30%	53.60%	92.68%	67.05%	52.08%

Housing Authority of the City of Hackensack
Schedule of Authority Contributions to the
Public Employees Retirement System (PERS)
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 150,266	\$ 136,522	\$ 128,056	\$ 128,056	\$ 137,364	\$ 156,228	\$ 122,732	\$ 116,312	\$ 118,187
Contribution in Relation to the Contractually Required Contribution	\$ (150,266)	\$ (136,522)	\$ (128,056)	\$ (128,056)	\$ (137,364)	\$ (156,228)	\$ (122,732)	\$ (116,312)	\$ (118,187)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	1,237,017	1,132,725	1,015,143	1,188,034	973,708	898,917	648,688	\$ 831,047	\$ 785,173
Contribution as a Percentage of Covered Employee Payroll	12.15%	12.05%	12.61%	10.78%	14.11%	17.38%	18.92%	14.00%	15.05%

Housing Authority of the City of Hackensack
Schedule of Changes in the Housing Authority's
Total OPEB Liability and Related Ratios
For the Year Ended September 30, 2023

<u>Total OPEB Liability</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Housing Authority's Proportion of the Net OPEB Liability	0.02353%	0.02179%	0.02207%	0.02207%	0.02057%	0.02414%
Housing Authority's Proportionate Share of the Net OPEB Liability	3,799,677	3,922,332	3,961,356	3,961,356	2,786,020	3,781,922
Housing Authority's Covered Employee Payroll	1,237,017	1,132,725	1,015,143	1,188,034	973,708	898,917
Housing Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Employee Payroll	307%	346%	390%	333%	286%	421%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.36%	0.28%	0.91%	0.91%	2.02%	2.0%

Schedule is intended to show information for ten years. Additional years will be displayed as the data becomes available.

Housing Authority of the City of Hackensack
Schedule of Authority Contributions to the
Public Employees Health Benefit Plan
For the Year Ended September 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 440,924	\$ 371,784	\$ 357,353	\$ 314,941	\$ 137,364	\$ 156,228
Contribution in Relation to the Contractually Required Contribution	<u>\$ (440,924)</u>	<u>\$ (371,784)</u>	<u>\$ (357,353)</u>	<u>\$ (314,941)</u>	<u>\$ (137,364)</u>	<u>(156,228)</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	1,237,017	1,132,725	1,015,043	1,188,034	973,708	898,917
Contribution as a Percentage of Covered Employee Payroll	35.64%	32.82%	35.21%	26.51%	14.11%	17.38%

Schedule is intended to show information for ten years. Additional years will be displayed as the data becomes available.



Polcari & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2023, and have issued our report thereon dated June 20, 2024.

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
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 20, 2024

HOUSING AUTHORITY OF THE CITY OF HACKENSACK
Hackensack, New Jersey
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2023

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