

HOUSING AUTHORITY OF THE
TOWN OF SECAUCUS
Secaucus, New Jersey

FINANCIAL STATEMENTS
For the Years Ended
March 31, 2018 and 2017

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
Secaucus, New Jersey
COMPARATIVE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED MARCH 31, 2018 AND 2017

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**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018**

As management of the Housing Authority of the Town of Secaucus, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the fiscal year ended March 31, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities as of March 31, 2018 by \$6,172,490.
- As of the close of the current fiscal year, the Authority's Proprietary Funds reported a deficit in Unrestricted Net Position of \$1,071,302, an increase of \$228,190 from March 31, 2017.
- The Authority's cash and cash equivalents balance as of March 31, 2018 totaled \$3,566,660, representing an increase of \$232,604 from March 31, 2017.
- The Authority had intergovernmental revenue of \$3,431,269 in HUD operating grants and \$6,875 in HUD capital grants for the year ended March 31, 2018.
- The Authority's capital outlays for the year totaled \$256,801. The change in Capital Assets is detailed in the section entitled Analysis of Capital Assets.

USING THE ANNUAL REPORT

Financial Statements

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

The Comparative Statements of Net Position present 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 Comparative Statements of Revenue, Expenses and Changes in Net Position present information showing how the Authority's net position changed during the most recent two fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the 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 Comparative Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the year. The statements classify cash receipts and cash payments as resulting from operating activities, capital and related financing activities and investing activities.

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 on pages 12 through 25 of this report.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

March 31, 2018

Supplemental Information

The Schedule of Expenditures of Federal Awards (SEFA) is presented for purpose of additional analysis as required by Government Auditing Standards issued by the Comptroller General of the United States. The SEFA can be found on page 26 of this report. Additional supplemental information can be found on pages 27-34.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

Total Net Position increased \$107,556. This increase is primarily due to the excess of operating revenue over expenses of \$63,503. The Authority also earned interest income of \$37,178.

Total cash including security deposits decreased \$232,604 due primarily to the purchase of \$201,740 of investments.

Capital Assets (net of accumulated depreciation) decreased \$97,000 as capital asset acquisitions of \$256,801 were offset by \$348,992 of depreciation expense. Additionally, fixed assets totaling \$4,819 were charged to expense in connection with the housing authority's conversion from public housing to Rental Assistance Demonstration (RAD).

Accrued Pension and OPEB liability decreased \$246,297 from March 31, 2017 to March 31, 2018. GASB 68 assets and liabilities related to pensions also reflect a decrease in Deferred Outflow of Resources of \$93,673 and an increase in Deferred Inflows of Resources of \$313,710. More information about OPEB and Pension liabilities can be found in Notes 12 and 13 respectively.

The following table summarizes the changes in Net Position between March 31, 2018 and 2017 for the Authority as a whole:

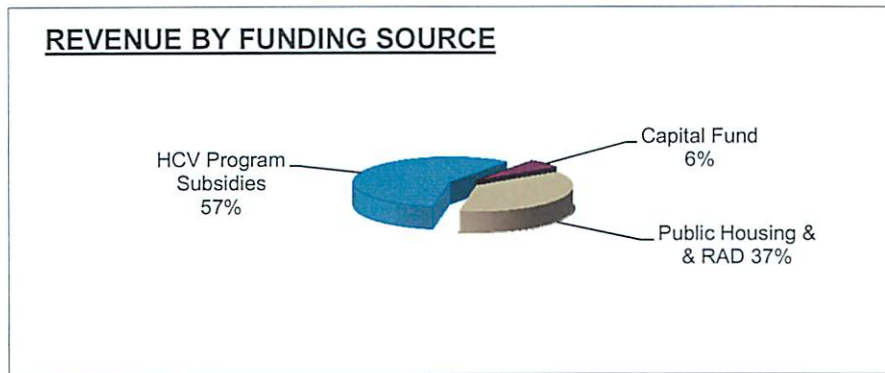
	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>% Var</u>
Cash & Cash Equivalents	\$ 3,566,660	\$ 3,334,056	\$ 232,604	6.98%
Other Current Assets	280,672	63,783	216,889	340.04%
Capital Assets	7,322,932	7,419,932	(97,000)	-1.31%
Deferred Outflow of Resources	511,938	605,611	(93,673)	-15.47%
Total Assets	<u>11,682,202</u>	<u>11,423,382</u>	<u>258,820</u>	<u>2.27%</u>
Current Liabilities	432,223	311,550	120,673	38.73%
Long-term Debt	2,393,724	2,447,378	(53,654)	-2.19%
Other Noncurrent Liabilities	2,332,074	2,561,539	(229,465)	-8.96%
Total Liabilities	<u>5,158,021</u>	<u>5,320,467</u>	<u>(162,446)</u>	<u>-3.05%</u>
Deferred Inflow of Resources	351,691	37,981	313,710	825.97%
Net Investment in Capital Assets	4,880,289	4,928,355	(48,066)	-0.98%
Restricted Net Position	2,363,503	2,436,071	(72,568)	-2.98%
Unrestricted Net Position	(1,071,302)	(1,299,492)	228,190	-17.56%
Total Net Position	<u>\$ 6,172,490</u>	<u>\$ 6,064,934</u>	<u>\$ 107,556</u>	<u>-1.77%</u>

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2018**

Total operating revenue increased \$348,465 (7.74%), due primarily to the increase of \$318,291 (10.22%) in HUD operating grants. The increase is due primarily to an increase in capital fund grants used for operations in connection with the Authority's conversion from conventional public housing subsidies to HUD's Rental Assistance Demonstration (RAD) funding.

Total operating expenses decreased \$363,985 (7.07%). Changes in the major expense categories are discussed below.

The revenues generated by each specific program of the Authority are detailed in the following chart:



The following table summarizes the changes in Operating Income between fiscal years 2018 and 2017 for the Authority as a whole:

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>% Var</u>
Rental Revenue	\$ 1,281,896	\$ 1,284,056	\$ (2,160)	-0.17%
HUD Operating Grants	3,431,269	3,112,978	318,291	10.22%
Other	136,586	104,252	32,334	31.02%
Total Operating Revenue	<u>4,849,751</u>	<u>4,501,286</u>	<u>348,465</u>	<u>7.74%</u>
Operating Expenses:				
Administrative	722,293	818,370	(96,077)	-11.74%
Tenant Services	99,335	89,266	10,069	11.28%
Utilities	402,102	393,782	8,320	2.11%
Maintenance	681,475	754,851	(73,376)	-9.72%
General Expenses, including interest	334,422	572,869	(238,447)	-41.62%
Housing Assistance Payments	2,197,629	2,171,184	26,445	1.22%
Depreciation	348,992	349,911	(919)	-0.26%
Total Operating Expenses	<u>4,786,248</u>	<u>5,150,233</u>	<u>(363,985)</u>	<u>-7.07%</u>
Operating Income/(Loss)	63,503	(648,947)	712,450	-109.79%
Non-operating Revenue (Expenses):				
Interest and Other	37,178	8,747	28,431	325.04%
Income Before Capital Grants	100,681	(640,200)	740,881	-115.73%
HUD Capital Grants	6,875	188,374	(181,499)	-96.35%
Net Income/(Loss)	107,556	(451,826)	559,382	-123.80%
Beginning Net Position	6,064,934	6,516,760	(451,826)	-6.93%
Ending Net Position	<u>\$ 6,172,490</u>	<u>\$ 6,064,934</u>	<u>\$ 107,556</u>	<u>1.77%</u>

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2018**

HUD operating grants increased \$318,291 (10.22%). Public housing operating subsidies decreased from \$494,213 in 2017 to \$354,494 in 2018, a decrease of \$139,719, while housing choice voucher subsidies increased by \$311,665. These changes are due to the housing authority's move from conventional public housing funding to RAD.

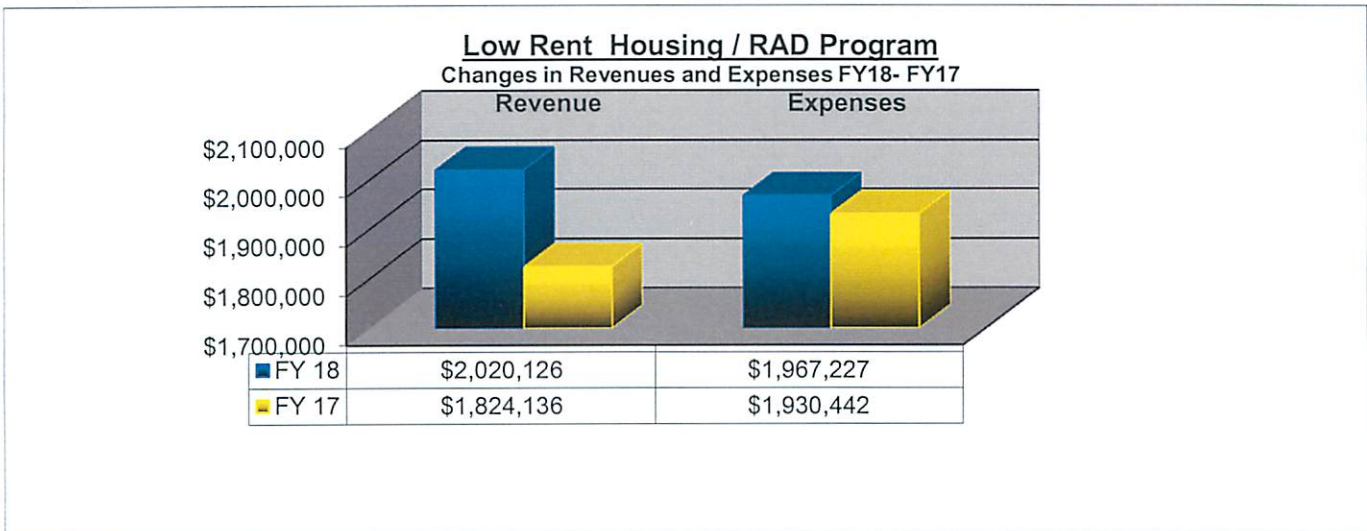
Other Revenues consist primarily of receipts for portability housing assistance payments, fees charged to other housing authorities for the performance of management services and charges to tenants for maintenance and other miscellaneous services. Other revenue increased by \$32,334

Administrative expenses decreased \$96,077 (11.74%) primarily because employee benefits decreased \$84,092. Employee benefits decreased due to the reduction in the pension accrual as actuarially determined by the state of New Jersey Public Employees Retirement System.

General expenses decreased \$238,447, or 42%, due primarily to the housing authority's conversion from public housing to the Rental Assistance Demonstration (RAD) program in 2017. The costs incurred to convert to RAD totaled approximately \$300,000.

Maintenance expense decreased by \$73,376 (9.72%) due primarily to a decrease of approximately \$58,000 in salary and benefit costs.

Changes in total income and expense attributable to the low rent public housing / RAD program are as follows:



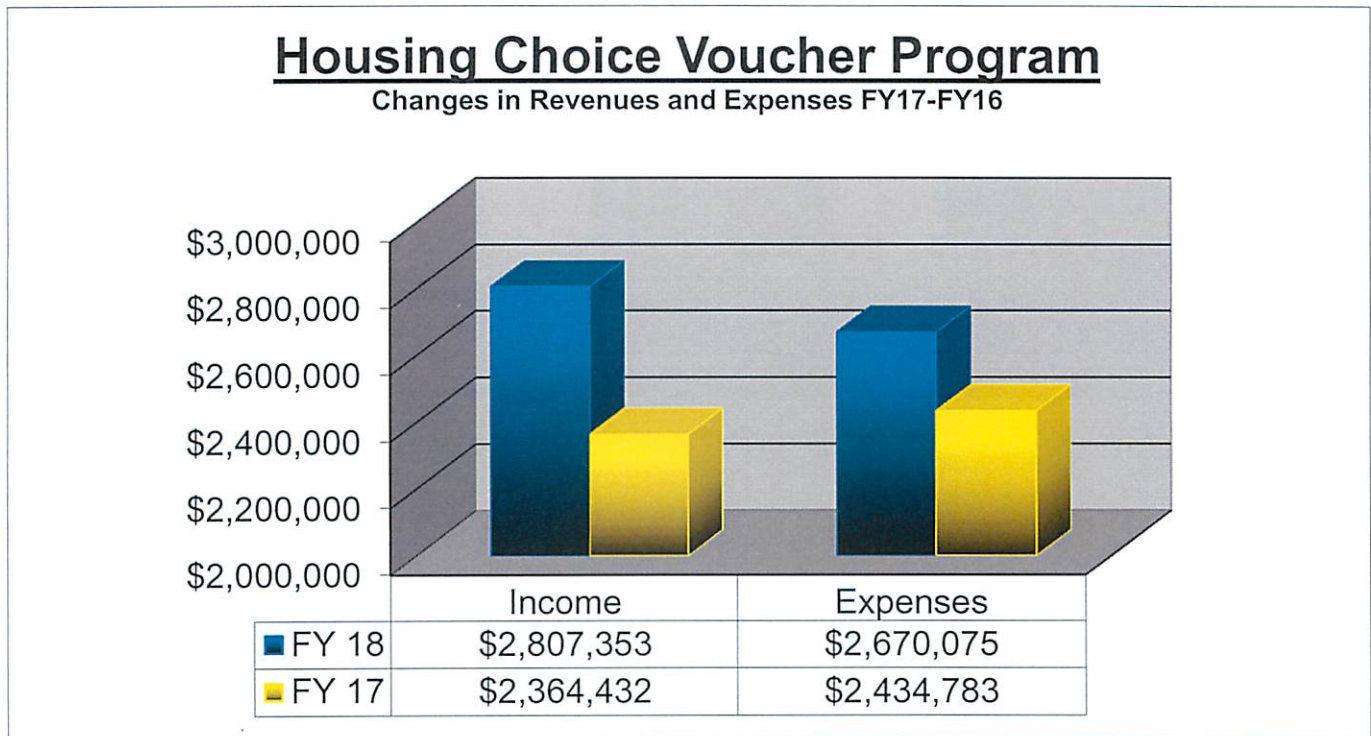
Note: Expense amounts include depreciation expense and exclude Capital fund revenue and expenses.

FYE 2018 LRP/RAD operating revenue increased by 10.74% compared to FYE 2017.

FYE 2018 LIPH/RAD operating expenses increased by 1.91% compared to FYE 2017.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2017**

Changes in total income and expense attributable to the Housing Choice Voucher program are as follows:



HCV revenues increased \$442,921 primarily due to the change from conventional public housing to RAD funding. The Authority began receiving RAD funding in January 2018, resulting in additional housing choice voucher program subsidies of \$290,643 for the three month period from January to March 2018; \$220,047 in housing assistance payment subsidies and \$70,596 in administrative fees.

Total HCV expenses increased \$235,292, or 9.7%. As previously noted, Housing Assistance Payments (HAP) increased \$220,047 due to the housing assistance payments made to the Authority's RAD units for the months of January through March of 2018.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The following table summarizes the changes in capital assets from March 31, 2017 and 2018:

	<u>2018</u>	<u>2017</u>	<u>Incr. / Decr.</u>	<u>% Change</u>
Land	\$ 620,838	\$ 620,838	\$ -	0.00%
Buildings & Improvements	22,353,124	21,945,678	407,446	1.86%
Equipment & Furniture	1,706,636	1,701,599	5,037	0.30%
Construction in Progress	384,492	540,174	(155,682)	-28.82%
Total	<u>25,065,090</u>	<u>24,808,289</u>	<u>256,801</u>	<u>1.04%</u>
Accumulated Depreciation	<u>(17,742,158)</u>	<u>(17,388,357)</u>	<u>(353,801)</u>	<u>2.03%</u>
Net Capital Assets	<u>\$ 7,322,932</u>	<u>\$ 7,419,932</u>	<u>(97,000)</u>	<u>-1.31%</u>

As previously noted, the decrease in capital assets is due primarily to the expenditure of capital funds less the Authority's current year depreciation expense.

Debt:

During 2007, 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, secured by the future capital fund grants of participating housing authorities. The Authority's share of the funds from the bond pool amounted to \$1,360,000. At March 31, 2016, \$97,000 of the bonds were outstanding, \$60,000 of which were current. As previously noted, the Housing Authority converted its public housing portfolio to RAD during the fiscal year ended March 31, 2017. In connection with that conversion, the Authority borrowed \$2,500,000 under a thirty year mortgage. The proceeds from that loan together with capital fund grants of \$217,714 and approximately of \$900,000 of operating reserves, were used to repay the outstanding bonds plus accrued interest totaling approx. \$943,000, provide escrow deposits for repairs and rehabilitation of approx. \$2,400,000 and pay debt issuance costs of approximately \$175,000. At March 31, 2018 and March 31, 2017 respectively, the outstanding balance of the mortgage debt was \$2,442,643 and \$2,491,577. The current portion of the mortgage was \$48,919 and \$44,199 at March 31, 2018 and March 31, 2017, respectively.. The loan is payable in 360 monthly installments of \$11,120, including interest at 3.375% per annum, with the final payment due March 1, 2047.

As of March 31, 2018 the Authority had \$86,739 in non-current accrued compensated absences, \$1,613,720 in accrued pension liabilities and \$631,615 in accrued OPEB liabilities.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the Town of Secaucus, 700 County Avenue, Secaucus, NJ 07094, or call (201) 867-2957.



CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Town of Secaucus (the Authority), which comprise the Comparative Statements of Net Position as of March 31, 2018 and 2017 and the related Comparative Statements of Revenue, Expenses and Changes in Net Position and Cash Flows for the years then and the related notes to the financial statements.

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 audit. 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. 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 based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Secaucus, as of March 31, 2018 and 2017, and the changes in net position, 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 1-6 and the Supplemental Schedules pertaining to the Public Employees Retirement System presented on pages 33-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the Town of Secaucus. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The information referred to in the preceding paragraph is the responsibility of management and was 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 October 4, 2018 on our consideration of the Housing Authority of the Town of Secaucus'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
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 4, 2018

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS

Secaucus, New Jersey

COMPARATIVE STATEMENTS OF NET POSITION

At March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 1,080,882	\$ 777,671
Cash and Cash Equivalents - Restricted	2,363,503	2,436,071
Cash - Tenant Security Deposits	<u>122,275</u>	<u>120,314</u>
Total Cash	3,566,660	3,334,056
Investments	201,740	-
Accounts Receivable	9,427	-
Prepaid Expenses and Other Current Assets	<u>69,505</u>	<u>63,783</u>
Total Current Assets	<u>3,847,332</u>	<u>3,397,839</u>
<u>FIXED ASSETS</u>		
Land	620,838	620,838
Buildings and Improvements	22,353,124	21,945,678
Furniture, Equipment and Machinery	1,706,636	1,701,599
Construction in Progress	<u>384,492</u>	<u>540,174</u>
Total Fixed Assets	25,065,090	24,808,289
Less: Accumulated Depreciation	<u>(17,742,158)</u>	<u>(17,388,357)</u>
Net Fixed Assets	<u>7,322,932</u>	<u>7,419,932</u>
Deferred Outflow of Resources	<u>511,938</u>	<u>605,611</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 11,682,202</u>	<u>\$ 11,423,382</u>
<u>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 22,204	\$ 15,828
Accrued Payroll and Related Taxes	15,674	15,943
Security Deposits	122,275	120,513
Accounts Payable - HUD	1,239	945
Deferred Revenue	18	1,046
Current Portion of Long-Term Debt	48,919	44,199
Accrued Liabilities:		
Compensated Absences - Current Portion	9,637	7,767
Accrued Interest Payable	7,099	7,243
Other Accrued Liabilities	29,032	9,038
Payment in Lieu of Taxes	<u>176,126</u>	<u>89,028</u>
Total Current Liabilities	432,223	311,550
Long-Term Debt, Net of Current Portion	2,393,724	2,447,378
Accrued Compensated Absences - Noncurrent	86,739	69,907
Accrued Pension and OPEB Liabilities	<u>2,245,335</u>	<u>2,491,632</u>
Total Non-Current Liabilities	<u>4,725,798</u>	<u>5,008,917</u>
Deferred Inflow of Resources	<u>351,691</u>	<u>37,981</u>
Total Liabilities and Deferred Inflow of Resources	<u>5,509,712</u>	<u>5,358,448</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	4,880,289	4,928,355
Restricted	2,363,503	2,436,071
Unrestricted	<u>(1,071,302)</u>	<u>(1,299,492)</u>
Total Net Position	<u>\$ 6,172,490</u>	<u>\$ 6,064,934</u>

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
Secaucus, New Jersey
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended March 31, 2017 and 2016

	For the Year Ended	
	2018	2017
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 1,281,896	\$ 1,284,056
HUD Grants - Operating	3,431,269	3,112,978
Other	136,586	104,252
Total Operating Revenues	4,849,751	4,501,286
<u>OPERATING EXPENSES</u>		
Administration	722,293	818,370
Housing Assistance Payments	2,197,629	2,171,184
Tenant Services	99,335	89,266
Utilities	402,102	393,782
Ordinary Maintenance & Operations	681,475	754,851
General Expense	250,055	525,416
Depreciation and Amortization Expense	348,992	349,911
Interest Expense	84,367	47,453
Total Operating Expenses	4,786,248	5,150,233
EXCESS OF OPERATING REVENUE OVER EXPENSES	63,503	(648,947)
Non Operating Revenues/(Expenses):		
Interest Income	37,178	8,747
Income/(Loss) Before Contributions and Transfers	100,681	(640,200)
Capital Grants	6,875	188,374
Increase/(Decrease) in Net Position	107,556	(451,826)
Beginning Net Position	6,064,934	6,516,760
Ending Net Position	\$ 6,172,490	\$ 6,064,934

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS

Secaucus, New Jersey

COMPARATIVE STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2018 and 2017

	<u>For the Year Ended</u>	
	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Revenue	\$ 1,280,868	\$ 1,277,867
From Government Agencies for Operating Grants	3,431,269	3,118,978
From Other Operating Revenues	127,159	175,538
Cash Paid:		
To Employees for Operations	(492,642)	(394,388)
To Suppliers for Operations	(1,453,293)	(1,948,691)
To Landlords For Housing Assistance	<u>(2,197,335)</u>	<u>(2,170,972)</u>
Net Cash Provided by Operating Activities	696,026	58,332
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	6,875	188,374
Acquisition of Property and Equipment	(256,801)	(162,488)
Borrowing of Long-Term Debt	-	2,500,000
Repayments of Long-term Debt	<u>(48,934)</u>	<u>(978,425)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	(298,860)	1,547,461
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase/Sale of Investments	(201,740)	-
Investment Income	<u>37,178</u>	<u>8,747</u>
Net Cash Provided by Investing Activities	<u>(164,562)</u>	<u>8,747</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	232,604	1,614,540
Cash and Equivalents at Beginning of Period	<u>3,334,056</u>	<u>1,719,516</u>
Cash and Equivalents at End of Period	<u>\$ 3,566,660</u>	<u>\$ 3,334,056</u>
Reconciliation of Operating Loss to Net Cash Used by Operations		
Operating Loss	\$ 63,503	\$ (648,947)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	353,801	349,911
Other General Expenses	-	53,235
Deferred Outflow of Resources	93,673	(349,953)
Deferred Inflow of Resources	313,710	(34,246)
Decrease/(Increase) in Assets		
Accounts Receivable - HUD	-	6,000
Accounts Receivable - Misc.	(9,427)	71,286
Prepaid Expenses and Other Current Assets	(5,722)	6,737
Increase/(Decrease) in Liabilities		
Accounts Payable	6,376	(22,151)
Accrued Payroll and Related Taxes	(269)	14,629
Security Deposits	1,762	2,893
Compensated Absences	18,702	(28,696)
Accounts Payable - HUD	294	212
Deferred Revenue	(1,028)	(6,189)
Interest Payable	(144)	(12,520)
PILOT Payable	87,098	2,058
Other Accrued Liabilities	19,994	(18,732)
Accrued Pension and OPEB Liabilities	<u>(246,297)</u>	<u>672,805</u>
Net Cash Provided by Operating Activities	<u>\$ 696,026</u>	<u>\$ 58,332</u>

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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

1. **Organization and Activities** – The Housing Authority of The Town of Secaucus (the Authority) is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq., the “Housing Authority Act”). The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An executive director is appointed by the housing authority’s Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Town of Secaucus, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government. Rent subsidies are provided to eligible tenants under the Federal Housing Assistance Payments (Section 8) Program.

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

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

2. **Significant Accounting Policies**

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

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

Federal Grant Revenue – Operating subsidies and Section Eight Housing Choice Voucher Program grants received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. During the fiscal year ended March 31, 2018 the Authority converted its entire portfolio of public housing units from conventional public housing to HUD’s Rental Assistance Demonstration (RAD). Under RAD, the Authority receives project-based voucher funding for each of its public housing units rather than performance operating funding subsidy and capital fund grants. Tenants continue to pay 30% of adjusted income as rent while HUD provides housing assistance payments for the difference between agreed upon HUD-established market rent and tenant paid rent for each unit.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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

Previously, under the Section Eight Program, a year-end settlement was computed, and the over-funded or under-funded amount, if any, was considered to be an amount due to or from HUD. Currently, the Voucher Program is funded based on actual expenditures reported in the Voucher Management system (VMS). Over-funded amounts are retained by the Authority, but may only be used for Voucher Program activities and under-funded amounts must be funded from the Authority's operating reserves.

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

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

b. Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. GASB Statement No. 63 has superseded GASB Statement No. 34 and requires the classification of net position into three components – Net Investment in Capital Assets; Restricted Net Position and Unrestricted 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 position component as the unspent proceeds.

Restricted Net Position – This component includes net position subject to restrictions placed on net position 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 GASB Statement no. 63 had no significant effect on the basic financial statements, except for the classification of net position.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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

Significant accounting policies are as follows:

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

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

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

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.

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

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

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

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

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

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

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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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

14 – Long-lived assets to be held and used are tested for recoverability whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2018 the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

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

c. New Accounting Pronouncements - 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 13 to these financial statements.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and cash equivalents in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the institution's name. Cash and Cash Equivalents (including tenant security deposits) of \$3,566,660 and \$3,334,056 at March 31, 2018 and 2017 respectively, consisted of the following:

	2018	2017
Checking Accounts	\$ 1,080,782	\$ 777,571
Petty Cash	100	100
Unrestricted Cash	<u>1,080,882</u>	<u>777,671</u>
Debt Service and Replacement Reserves		
Checking Accounts	69,223	2,402,826
Money Market Accounts	2,130,714	3,627
Voucher Program HAP Reserves	<u>163,566</u>	<u>29,618</u>
Restricted Cash	<u>2,363,503</u>	<u>2,436,071</u>
Tenant Security Deposits	<u>122,275</u>	<u>120,314</u>
TOTAL CASH	<u>\$ 3,566,660</u>	<u>\$ 3,334,056</u>

The carrying amount of the Authority's cash and cash equivalents on deposit at banks as of March 31, 2018 was \$3,566,660 and the bank balances were \$3,587,275. Of the bank balances, \$313,060 was covered by FDIC insurance and \$3,274,215 was covered by a collateral pool maintained by the banks as required by New Jersey statutes. Cash and cash equivalents, except petty cash are held in the Authority's name.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 3 – Deferred Revenue

Deferred revenue of \$18 at March 31, 2018 consists of prepaid tenant rent. The Authority's \$1,046 of deferred revenue at March 31, 2017 consisted of \$381 of deferred operating subsidy and \$665 of tenant prepaid rent.

NOTE 4 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the changes in general fixed assets for the fiscal year ended March 31, 2018 and 2017:

Land	\$ 620,838	\$ -	\$ -	\$ -	\$ 620,838
Buildings and Improvements	21,945,678	9,024	-	398,422	22,353,124
Dwelling Equipment	620,817	-	-	(341)	620,476
Furniture and Equipment	1,080,782	-	-	5,378	1,086,160
Construction in Progress	540,174	295,972	-	(451,654)	384,492
Total Fixed Assets	24,808,289	-	-	(48,195)	25,065,090
Accumulated Depreciation	(17,388,357)	(348,992)	-	(4,809)	(17,742,158)
Net Fixed Assets	\$ 7,419,932	\$ (348,992)	\$ -	\$ (53,004)	\$ 7,322,932
	<u>Apr. 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers/Other</u>	<u>Mar. 31, 2017</u>
Land	\$ 620,838	\$ -	\$ -	\$ -	\$ 620,838
Buildings and Improvements	21,640,784	-	-	304,894	21,945,678
Dwelling Equipment	594,083	26,734	-	-	620,817
Furniture and Equipment	1,085,931	-	(5,149)	-	1,080,782
Construction in Progress	762,547	135,754	-	(358,127)	540,174
Total Fixed Assets	24,704,183	162,488	(5,149)	(53,233)	24,808,289
Accumulated Depreciation	(17,043,595)	(349,911)	5,149	-	(17,388,357)
Net Fixed Assets	\$ 7,660,588	\$ (187,423)	\$ -	\$ (53,233)	\$ 7,419,932

Depreciation expense for the fiscal years ended March 31, 2018 and 2017 amounted to \$348,992 and \$349,911, respectively.

Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$500 are expensed when incurred.

Depreciation of fixed assets is calculated using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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 is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town. Under the Cooperation Agreement, the Authority must pay the Town the lower of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2018 and 2017, PILOT expense was accrued in the amount of \$87,098 and \$89,029, respectively.

NOTE 6 – Accrued Compensated Absences

Accrued compensated absences of \$96,376 and \$77,674 at March 31, 2018 and 2017, respectively, represent amounts of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may carry over up to two weeks of vacation each year; any such vacation not taken in the second year shall be lost. Employees may be compensated for accrued vacation leave earned in the current year only in the event of retirement or termination of service. Employees may be compensated for sick leave at retirement at the rate of one day for every two days accumulated, payable at the salary rate earned at the time of separation.

NOTE 7 – 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 March 31, 2018 and 2017, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

NOTE 8 – Construction Commitments

At March 31, 2018 and 2017, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs 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 9 – Economic Dependency

For the years ended March 31, 2018 and 2017, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 10 – Restricted Net Position

Restricted Net Position at March 31, 2018 and 2017 consists of the following components:

	<u>2018</u>	<u>2017</u>
Proceeds from Borrowings to be used only for budgeted Capital Fund Programs	\$ 3,690	\$ 3,627
Capital and Replacement Reserves	2,196,246	2,402,826
Housing Assistance Payment Equity	<u>163,567</u>	<u>29,618</u>
	<u>\$ 2,363,503</u>	<u>\$ 2,436,071</u>

Capital Fund Program Restricted Net Position

As detailed in Note 11, the Authority borrowed \$1,360,000 during the fiscal year ended March 31, 2008 under its capital fund leveraging program. The proceeds of these borrowings are restricted for use and may only be expended on projects included in the Authority's capital fund budget. The balance of unexpended funds borrowed totaled \$3,690 and 3,627 at March 31, 2018 and 2017, respectively. This amount is included in restricted net position.

Capital and Replacement Reserves

In connection with the \$2,500,000 mortgage loan discussed in Note 11 to the financial statements, the Authority entered into a rehabilitation escrow agreement with the lender. Under the terms of that agreement, the Authority deposited \$2,500,000 of the loan proceeds into rehabilitation escrow accounts to be used for repairs of the Projects and also agreed to make deposits to a capital repairs escrow account. During the fiscal year ended March 31, 2018, disbursements for repairs of \$295,845 was disbursed from the escrow accounts; and interest income and additional escrow deposits of \$27,765 and \$61,500, respectively, were deposited to the accounts.

Housing Assistance Payment Equity

Prior to January 1, 2005 excess funds advanced by HUD to the Authority for the payment of housing assistance payments were returned to HUD at the end of the Authority's fiscal year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of Housing Assistance Payments that are not so utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. As of November 2007, HUD is reverting to treating these funds as restricted in order to comply with generally accepted accounting principles. HUD has indicated that any HAP amounts received by a PHA and not expended should be reported as restricted cash and restricted net position.

Administrative fees paid by HUD to the Authority in excess of administrative expenses are part of the undesignated fund balance and are considered to be "administrative fee reserves". Administrative fee reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR982.155 – i.e. "other housing purposes permitted by state or local law". Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant-based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 10 – Restricted Net Position (continued)

In accordance with HUD requirements, the Authority's restricted and unrestricted fund balance consists of the following components as of March 31, 2018 and 2017:

Administrative Fee Equity - included in Unrestricted Net Position			
Administrative Fee Reserves at March 31, 2017	\$ (162,086)		
Net Administrative Fee Reserves Expended	1,058		
Fraud Recoveries	<u>2,272</u>	\$	(158,756)
Housing Assistance Payment Reserves - included in Restricted Net Position			
Housing Assistance Payment Reserves at March 31, 2017	29,618		
Unexpended HAP Subsidy	131,676		
Fraud Recoveries	<u>2,272</u>	<u>163,566</u>	
Total HCV Program Net Position at March 31, 2018		<u>\$</u>	<u>4,810</u>
Administrative Fee Equity - included in Unrestricted Net Position			
Administrative Fee Reserves at March 31, 2016	\$ (94,328)		
Net Administrative Fee Reserves Expended	(72,283)		
Interest income on Administrative Fee Reserves	1,205		
Fraud Recoveries	<u>3,320</u>	\$	(162,086)
Housing Assistance Payment Reserves - included in Restricted Net Position			
Housing Assistance Payment Reserves at March 31, 2016	32,211		
Unexpended HAP Subsidy	(5,914)		
Fraud Recoveries	<u>3,321</u>	<u>29,618</u>	
Total HCV Program Net Position at March 31, 2017		<u>\$</u>	<u>(132,468)</u>

NOTE 11 – Debt

During the fiscal year ending March 31, 2008, the 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, 2007 Series A. On August 2, 2007, the Authority's share of the funds from the bond issued pool amounted to \$1,360,000 which bears a variable interest rate between four and five percent. The related closing costs of \$49,575 were amortized prior to the current fiscal year. The net funds received from the leveraging pool of \$1,834,390 were restricted and were to be spent in accordance with the Authority's Capital Fund Leveraging budget. Repayment of the leveraged funds was budgeted from Capital Fund Allocations received by the Authority from the Department of Housing and Urban Development.

In December 2016, the bonds were redeemed and the Authority paid the remaining outstanding balance. The bonds were paid from a \$2,500,000 operating loan from Bogota Savings Bank that was obtained to complete the Authority's Rental Assistance Demonstration (RAD) conversion. The loan is payable in 360 monthly installments of \$11,120, including interest at the bank's prime rate plus 25 basis points (0.250%), with the final payment due March 1, 2047. The interest rate will be reset on January 1, 2022 and January 1, 2027 to reflect the bank's prime rate existing at that time. However, the interest rate can be no lower than 3.375% and no higher than 6.00%. The interest rate of 3.375% is in effect through January 1, 2022.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 11 – Debt Continued

The following schedule represents the required principal and interest payments during the next five years and thereafter.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 48,919	\$ 84,525	\$ 133,444
2020	52,159	81,285	133,444
2021	53,520	79,924	133,444
2022	55,605	77,839	133,444
2023	58,026	75,418	133,444
Thereafter	<u>2,174,414</u>	<u>1,504,096</u>	<u>3,678,510</u>
Total	<u>\$ 2,442,643</u>	<u>\$ 1,903,087</u>	<u>\$ 4,345,730</u>

The Authority's long-term liabilities at March 31, 2018 and March 31, 2017 consisted of the following:

	<u>April 1, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Withdrawals</u>	<u>Forfeitures</u>	<u>March 31, 2018</u>
Operating Loan	\$ 2,491,577	\$ -	\$ (48,934)	\$ -	\$ -	\$ 2,442,643
Compensated Absences	77,674	18,702	-	-	-	96,376
OPEB Liability	324,212	307,403	-	-	-	631,615
Pension Liability	1,494,615	183,664	(64,559)	-	-	1,613,720
	<u>\$ 4,388,078</u>	<u>\$ 509,769</u>	<u>\$ (113,493)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,784,354</u>
Less Current Portion of Operating Loan						(48,919)
Less Current Portion of Compensated Absences						(9,637)
Total Non Current Portion						<u>\$ 4,725,798</u>

	<u>April 1, 2016</u>	<u>Additions</u>	<u>Payments</u>	<u>Withdrawals</u>	<u>Forfeitures</u>	<u>March 31, 2017</u>
CFFP Loan	\$ 970,000	\$ -	\$ (970,000)	\$ -	\$ -	\$ -
Operating Loan	-	2,500,000	(8,423)	-	-	2,491,577
Compensated Absences	106,370	-	(28,696)	-	-	77,674
OPEB Liability	324,212	147,362	-	-	-	471,574
Pension Liability	1,494,615	525,443	-	-	-	2,020,058
	<u>\$ 2,895,197</u>	<u>\$ 3,172,805</u>	<u>\$ (1,007,119)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,060,883</u>
Less Current Portion of Operating Loan						(44,199)
Less Current Portion of Compensated Absences						(7,767)
Total Non Current Portion						<u>\$ 5,008,917</u>

NOTE 12 – Other Post Employment Retirement Benefits (OPEB)

ANNUAL OPEB COST AND NET OPEB OBLIGATION

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.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 12 – Other Post Employment Retirement Benefits (OPEB) (Continued)

The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

Annual Required Contribution	\$142,067
Interest on net OPEB obligation	\$18,863
Adjustment to annual required contribution	\$49,132
Annual OPEB cost (expense)	\$210,062
Contributions made	\$(50,022)
Increase in net OPEB obligation	\$160,040
Net OPEB Obligation – beginning of year	\$471,574
Net OPEB Obligation – end of year	\$631,615

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 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
3/31/2016	\$165,733	0.00	\$324,212
3/31/2017	\$200,353	0.00	\$471,574
3/31/2018	\$210,062	23.8	\$631,615

FUNDED STATUS AND FUNDING PROGRESS

As of March 31, 2018, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$2,462,505, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAL) of \$2,462,505. The covered payroll (annual payroll of active employees covered by the plan) was \$626,134 and the ratio of the UAL to covered payroll was not computed since benefit and retiree rates were not based on payroll.

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.

NOTE 13 – 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.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 13 – Pension (Continued)

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

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

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by state of New Jersey legislation. PERS provided for employee contributions of 6.5% of employees' annual compensation, as defined. The employee rate was increased from 6.5% to 7.0% of base salary effective July 1, 2012 plus an additional 1% phased in over 7 years beginning in fiscal year 2013. The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The actuarially determined contribution includes funding for cost of living adjustments and a noncontributory death benefit. The employer contribution rate was 6.78% - 6.92% and 6.64% - 6.78% in fiscal years 2016 and 2015, respectively. 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 2009. The Authority's contribution for fiscal year March 31, 2017 was \$145,897. 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.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 13 – Pension (Continued)

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

At the June 30, 2017 and June 30, 2016 measurement dates, the Authority reported \$1,613,720 and \$2,020,058, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of June 30, 2017 and June 30, 2016 were 0.00693% and 0.00682%, respectively.

The components of the Authority's net pension liability as of June 30, 2017 and 2016, the most recent evaluation dates, are as follows:

	<u>2017</u>	<u>2016</u>
Total Pension Liability	\$ 3,109,283	\$ 3,374,458
Less: Plan Fiduciary Net Position	<u>(1,495,564)</u>	<u>(1,354,400)</u>
Net Pension Liability	<u>\$ 1,613,720</u>	<u>\$ 2,020,058</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, 2016 measurement date was determined at a measurement date of June 30, 2017. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial evaluation as of July 1, 2016, which was rolled forward to June 30, 2017. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

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

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actuarial experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact will be on future financial statements. In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer after consultation with the Director of the Division of Pensions and Benefits, the board of trustees and the actuaries.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 13 – Pension (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related read estate	5.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The state employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contribution. 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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, 2017, 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:

	<u>At 1% Decrease</u>	<u>At June 30 Discount Rate</u>	<u>At 1% Increase</u>
2017	\$ 2,001,929	\$ 1,613,720	\$ 1,290,293
2016	\$ 2,475,345	\$ 2,020,058	\$ 1,644,179

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 13 – Pension (Continued)

For the years ended March 31, 2018 and 2017, the Authority recognized pension expense of \$129,819 and \$201,840, respectively.

At March 31, 2018 and 2017, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2018 Deferred Outflows of Resources	2018 Deferred Inflows of Resources	2017 Deferred Outflows of Resources	2017 Deferred Inflows of Resources
Changes of assumptions	\$ 325,109	\$ 323,917	\$ 418,448	\$ -
Differences between expected and actual experience	37,998	-	37,567	-
Net differences between projected and actual earnings on plan investments	10,988	-	77,027	-
Changes in proportion	73,283	27,774	72,569	37,981
Authority's contributions subsequent to the measurement date	<u>64,560</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 511,938</u>	<u>\$ 351,691</u>	<u>\$ 605,611</u>	<u>\$ 37,981</u>

The amounts reported as deferred outflows and inflows resources (excluding employer specific amounts) relate to pensions will be recognized in pension expense as shown in the below chart. The 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) over the average of the expected remaining service lives which is 5.48, 5.57 and 5.72 and 6.44 years for the 2017, 2016, 2015 and 2014 amounts, respectively.

Year ended June 30:

2018	\$ 387,577
2019	584,864
2020	354,397
2021	(471,350)
2022	<u>(343,551)</u>
Total	<u>\$ 511,938</u>

Note 14 – 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 October 4, 2018, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended March 31, 2018

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
<u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA #14.850)	\$ -	\$ 354,494	\$ 354,494	\$ -
Capital Fund Program (CFDA #14.872)	-	286,371	286,371	-
Housing Choice Voucher Program Cluster (CFDA #14.871)	-	<u>2,797,279</u>	<u>2,797,279</u>	-
Total Federal Financial Assistance	<u>\$ -</u>	<u>\$ 3,438,144</u>	<u>\$ 3,438,144</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.

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$71,700	\$1,008,884	\$1,080,584		\$1,080,584
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted		\$163,566	\$2,199,937	\$2,363,503		\$2,363,503
114 Cash - Tenant Security Deposits			\$122,275	\$122,275		\$122,275
115 Cash - Restricted for Payment of Current Liabilities		\$298		\$298		\$298
100 Total Cash	\$0	\$235,564	\$3,331,096	\$3,566,660	\$0	\$3,566,660
121 Accounts Receivable - PHA Projects			\$5,283	\$5,283		\$5,283
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants			\$4,144	\$4,144		\$4,144
126.1 Allowance for Doubtful Accounts - Tenants			\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other			\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$9,427	\$9,427	\$0	\$9,427
131 Investments - Unrestricted			\$201,740	\$201,740		\$201,740
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets		\$371	\$69,134	\$69,505		\$69,505
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From		\$126,698		\$126,698	-\$126,698	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$0	\$362,633	\$3,611,397	\$3,974,030	-\$126,698	\$3,847,332
161 Land			\$620,838	\$620,838		\$620,838
162 Buildings			\$22,028,258	\$22,028,258		\$22,028,258
163 Furniture, Equipment & Machinery - Dwellings			\$620,476	\$620,476		\$620,476
164 Furniture, Equipment & Machinery - Administration		\$4,808	\$1,081,352	\$1,086,160		\$1,086,160
165 Leasehold Improvements			\$324,866	\$324,866		\$324,866
166 Accumulated Depreciation		-\$4,808	-\$17,737,350	-\$17,742,158		-\$17,742,158
167 Construction in Progress			\$384,492	\$384,492		\$384,492
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$7,322,932	\$7,322,932	\$0	\$7,322,932
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$0	\$0	\$7,322,932	\$7,322,932	\$0	\$7,322,932
200 Deferred Outflow of Resources		\$83,789	\$428,149	\$511,938		\$511,938
290 Total Assets and Deferred Outflow of Resources	\$0	\$446,422	\$11,362,478	\$11,808,900	-\$126,698	\$11,682,202
311 Bank Overdraft						
312 Accounts Payable <= 90 Days			\$22,204	\$22,204		\$22,204
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable		\$2,338	\$13,336	\$15,674		\$15,674
322 Accrued Compensated Absences - Current Portion		\$1,551	\$8,086	\$9,637		\$9,637

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
324 Accrued Contingency Liability						
325 Accrued Interest Payable			\$7,099	\$7,099		\$7,099
331 Accounts Payable - HUD PHA Programs		\$1,239		\$1,239		\$1,239
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government			\$176,126	\$176,126		\$176,126
341 Tenant Security Deposits			\$122,275	\$122,275		\$122,275
342 Unearned Revenue		\$0	\$18	\$18		\$18
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings			\$48,919	\$48,919		\$48,919
345 Other Current Liabilities						
346 Accrued Liabilities - Other			\$29,032	\$29,032		\$29,032
347 Inter Program - Due To			\$126,698	\$126,698	-\$126,698	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$0	\$5,128	\$553,793	\$558,921	-\$126,698	\$432,223
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings			\$2,393,724	\$2,393,724		\$2,393,724
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current		\$13,964	\$72,775	\$86,739		\$86,739
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities		\$362,557	\$1,882,778	\$2,245,335		\$2,245,335
350 Total Non-Current Liabilities	\$0	\$376,521	\$4,349,277	\$4,725,798	\$0	\$4,725,798
300 Total Liabilities	\$0	\$381,649	\$4,903,070	\$5,284,719	-\$126,698	\$5,158,021
400 Deferred Inflow of Resources		\$59,863	\$291,728	\$351,691		\$351,691
508.4 Net Investment in Capital Assets			\$4,880,289	\$4,880,289		\$4,880,289
511.4 Restricted Net Position		\$163,566	\$2,199,937	\$2,363,503		\$2,363,503
512.4 Unrestricted Net Position	\$0	-\$158,756	-\$912,546	-\$1,071,302		-\$1,071,302
513 Total Equity - Net Assets / Position	\$0	\$4,810	\$6,167,680	\$6,172,490	\$0	\$6,172,490
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$446,422	\$11,362,478	\$11,808,900	-\$126,698	\$11,682,202

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 03/31/2018

Account Description	14 871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$1,501,942	\$1,501,942	-\$220,046	\$1,281,896
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$1,501,942	\$1,501,942	-\$220,046	\$1,281,896
70600 HUD PHA Operating Grants	\$633,990		\$3,431,269		\$3,431,269
70610 Capital Grants	\$6,875		\$6,875		\$6,875
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$2,157	\$7,256	\$9,413		\$9,413
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$4,544	\$10,164	\$14,708		\$14,708
71500 Other Revenue	\$3,373	\$118,505	\$121,878		\$121,878
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
72000 Investment Income - Restricted		\$27,765	\$27,765		\$27,765
70000 Total Revenue	\$640,865	\$1,665,632	\$5,113,850	-\$220,046	\$4,893,804
91100 Administrative Salaries	\$118,410	\$215,757	\$334,167		\$334,167
91200 Auditing Fees	\$6,250	\$6,385	\$12,635		\$12,635
91300 Management Fee		\$5,000	\$5,000		\$5,000
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit Contributions - Administrative	\$82,168	\$153,816	\$235,984		\$235,984
91600 Office Expenses	\$13,990	\$97,830	\$111,820		\$111,820
91700 Legal Expense	\$3,990	\$15,962	\$19,952		\$19,952
91800 Travel	\$547	\$2,188	\$2,735		\$2,735
91810 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$225,355	\$496,938	\$722,293	\$0	\$722,293
92000 Asset Management Fee					
92100 Tenant Services - Salaries		\$51,968	\$51,968		\$51,968
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services		\$44,033	\$44,033		\$44,033
92400 Tenant Services - Other		\$3,334	\$3,334		\$3,334
92500 Total Tenant Services	\$0	\$99,335	\$99,335	\$0	\$99,335
93100 Water		\$52,957	\$52,957		\$52,957
93200 Electricity		\$187,965	\$187,965		\$187,965
93300 Gas		\$52,555	\$52,555		\$52,555
93400 Fuel					
93500 Labor		\$41,640	\$41,640		\$41,640
93600 Sewer		\$31,286	\$31,286		\$31,286
93700 Employee Benefit Contributions - Utilities		\$31,283	\$31,283		\$31,283
93800 Other Utilities Expense		\$417	\$417		\$417
93000 Total Utilities	\$0	\$398,103	\$398,103	\$0	\$398,103
94100 Ordinary Maintenance and Operations - Labor		\$244,386	\$244,386		\$244,386
94200 Ordinary Maintenance and Operations - Materials and Other		\$56,298	\$56,298		\$56,298

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts			\$202,718	\$202,718		\$202,718
94500 Employee Benefit Contributions - Ordinary Maintenance			\$182,072	\$182,072		\$182,072
94000 Total Maintenance	\$0	\$0	\$685,474	\$685,474	\$0	\$685,474
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance			\$33,450	\$33,450		\$33,450
96120 Liability Insurance			\$16,725	\$16,725		\$16,725
96130 Workmen's Compensation		\$1,997	\$16,725	\$18,722		\$18,722
96140 All Other Insurance						
96100 Total Insurance Premiums	\$0	\$1,997	\$66,900	\$68,897	\$0	\$68,897
96200 Other General Expenses		\$21,031	\$54,327	\$75,358		\$75,358
96210 Compensated Absences		\$4,017	\$14,685	\$18,702		\$18,702
96300 Payments in Lieu of Taxes			\$87,098	\$87,098		\$87,098
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$0	\$25,048	\$156,110	\$181,158	\$0	\$181,158
96710 Interest of Mortgage (or Bonds) Payable			\$84,367	\$84,367		\$84,367
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$84,367	\$84,367	\$0	\$84,367
96900 Total Operating Expenses	\$0	\$252,400	\$1,987,227	\$2,239,627	\$0	\$2,239,627
97000 Excess of Operating Revenue over Operating Expenses	\$640,865	\$2,554,953	-\$321,595	\$2,874,223	-\$220,046	\$2,654,177
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$2,414,511		\$2,414,511	-\$220,046	\$2,194,465
97350 HAP Portability-In		\$3,164		\$3,164		\$3,164
97400 Depreciation Expense			\$348,992	\$348,992		\$348,992
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$0	\$2,670,075	\$2,336,219	\$5,006,294	-\$220,046	\$4,786,248
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						
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						

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
10093 Transfers between Program and Project - In			\$640,865	\$640,865	-\$640,865	\$0
10094 Transfers between Project and Program - Out	-\$640,865			-\$640,865	\$640,865	\$0
10100 Total Other financing Sources (Uses)	-\$640,865	\$0	\$640,865	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$137,278	-\$29,722	\$107,556	\$0	\$107,556
11020 Required Annual Debt Principal Payments	\$0	\$0	\$48,933	\$48,933	\$0	\$48,933
11030 Beginning Equity	\$0	-\$132,468	\$6,197,402	\$6,064,934	\$0	\$6,064,934
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				\$0	\$0	\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		-\$158,756		-\$158,756		-\$158,756
11180 Housing Assistance Payments Equity		\$163,566		\$163,566		\$163,566
11190 Unit Months Available	0	3825	3000	6825	0	6825
11210 Number of Unit Months Leased	0	3375	3000	6375	0	6375
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 TOWN OF SECAUCUS
 Secaucus, New Jersey
STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS
 As of March 31, 2018

	<u>NJ39P08350113</u> CFP 2013	<u>NJ39P08350115</u> CFP 2015	<u>NJ39P08350116</u> CFP 2016	<u>NJ39P08350117</u> CFP 2017	<u>TOTAL</u>
Funds Approved	\$ 250,617	\$ 257,492	\$ 261,820	\$ 279,496	\$ 1,049,425
Funds Expended	<u>250,617</u>	<u>257,492</u>	<u>261,820</u>	<u>279,496</u>	<u>1,049,425</u>
Excess/(Deficiency) Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 250,617	\$ 257,492	\$ 261,820	\$ 279,496	\$ 1,049,425
Funds Expended	<u>250,617</u>	<u>257,492</u>	<u>261,820</u>	<u>279,496</u>	<u>1,049,425</u>
Excess/(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS

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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Schedule of Proportionate Share of the Net Pension Liability
 of the Public Employees Retirement System (PERS)
 For the Year Ended March 31, 2018

	<u>2017</u>	<u>2016</u>
Housing Authority's Proportion of the Net Pension Liability	0.00693%	0.00682%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 1,613,720	\$ 2,020,058
Housing Authority's Covered Employee Payroll	\$ 672,161	\$ 626,134
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	240.08%	322.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%

The amounts determined for each fiscal year were determined as of June 30.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Schedule of Authority Contributions to the
 Public Employees Retirement System (PERS)
 For The Year Ended March 31, 2018

	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 64,220	\$ 60,593
Contribution in Relation to the Contractually Required Contribution	\$ (64,220)	\$ (60,593)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 672,161	\$ 626,134
Contribution as a Percentage of Covered Employee Payroll	9.55%	9.68%

The amounts determined for each fiscal year were determined as of June 30.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the financial statements of the Housing Authority of the Town of Secaucus as of and for the year ended March 31, 2018 and have issued our report thereon dated October 4, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Town of Secaucus's internal control over financial reporting (internal control) 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.

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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Secaucus'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
October 4, 2018



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

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Town of Secaucus's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the entity's major federal programs for the year ended March 31, 2018. The Housing Authority of the Town of Secaucus'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 federal statutes, regulations, and the terms and conditions of grants of its federal awards applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the Town of Secaucus's major federal programs based on our audits 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). 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 Housing Authority of the Town of Secaucus'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 federal program. However, our audit does not provide a legal determination of the Housing Authority of the Town of Secaucus's compliance.

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

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the Town of Secaucus complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2018.

Report on Internal Control Over Compliance

Management of the Housing Authority of the Town of Secaucus is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the Town of Secaucus's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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. However, material weaknesses may exist that have not been identified.

The 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 that 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
October 4, 2018

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
Secaucus, New Jersey
March 31, 2018

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Significant Deficiencies Identified?	_____ yes	<u> X </u> no
Significant Deficiencies identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported
Noncompliance Material to Financial Statements Noted?	_____ yes	<u> X </u> no

Federal Awards

Internal Control over Major Programs:

Significant Deficiencies Identified?	_____ yes	<u> X </u> no
Significant Deficiencies identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> 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) _____ yes X no

Identification of Major Programs

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Program

Dollar Threshold used to distinguish between type A and type B Programs \$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.