

HOUSING AUTHORITY OF BERGEN COUNTY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED MARCH 31, 2017

**WITH
REPORT OF INDEPENDENT AUDITORS**

HOUSING AUTHORITY OF BERGEN COUNTY
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FOR THE YEAR ENDED MARCH 31, 2017

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of Bergen County:

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of Bergen County (the "Authority") as of and for the year ended March 31, 2017, and the related notes to the financial statements, as listed in the table of contents.

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.

Auditors' 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 auditors' 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 auditors consider 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Bergen County as of March 31, 2017, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension information 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of Bergen County's financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and are not a required part of the financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and the financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the financial data schedule 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 December 21, 2017 on our consideration of the Housing Authority of Bergen County'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 Housing Authority of Bergen County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

December 21, 2017
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2017**

As management of the Housing Authority of the Bergen County ("the Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Contacting The Authority - This 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: Kevin McCann, Director of Finance, Housing Authority of Bergen County, One Bergen County Plaza, Floor 2, Hackensack, New Jersey 07601.

Special Conditions and Economic Factors - Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Overview of the Financial Statements

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity. The following information is included:

The Statement of Net Position

This statement reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

Net Investment in Capital Assets

This component of Net Position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position:

This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position:

Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

Statement of Revenue, Expenses, and Changes in Net Position

Reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.

This Statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, and maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income and interest expense.

Statement of Cash Flows

Presents information on the effects changes in assets and liabilities have on cash during the course of the fiscal year.

Notes to the Financial Statements

Provides additional information that is essential to a full understanding of the data provided in the financial statements.

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2017**

Our overall analysis of the Authority as a whole begins on the following pages. The most important question asked about the Authority's finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of net position, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned or incurred regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in it. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority. Over time, significant changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating.

To fully assess the financial health of the Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

FINANCIAL HIGHLIGHTS

- During the year ended March 31, 2017, the Authority completed its conversion of all its public housing units to HUD's Rental Demonstration Program (RAD).
- The Authority's net position decreased by \$886,968 or (8.3%) during fiscal year ended March 31, 2017. Net Position was \$9,813,226 in 2017 and \$10,700,194 in 2016, respectively.
- Total revenue increased by \$2,299,123 or (4.7%) from \$48,495,089 in 2016 to \$50,794,212 in 2017. The increase in revenues is attributed mainly to the Authority receiving more funding in the Housing Choice Voucher program as the Authority converted its public housing program to project based vouchers under the RAD program.
- Operating expenses for all Authority programs increased by approximately \$3,554,638 or 7.39%. Total operating expenses were \$48,115,917 in 2016 and \$51,670,555 for 2017, respectively.

To fully understand the financial statements of the Authority, one must start with an understanding of what the Authority actually does. The following is a brief description of the programs and services that the Authority provides for the residents of Bergen County:

Low Income Public Housing (LIPH)

The Authority has 499 units in its Public Housing inventory. The Authority is responsible for the management, maintenance, and utilities costs for all units. The units must be maintained in accordance with HUD established housing quality standards. An annual inspection of each unit must be performed by the Authority to assure that it meets or exceeds these standards. Each of the Authority's public housing buildings, and the units that comprise those buildings, are subject to random third party inspections as directed by HUD. In addition, the Authority must annually recertify each of the tenants' family composition and their respective household income.

On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Fund Subsidy is that the Authority has a Project Expense Level (PEL). The PEL reflects estimated allowable operating expenditures and is calculated by HUD in accordance with the results of the Harvard Cost Study which was performed for HUD. HUD funds the difference between these allowable costs incurred for all units leased and the actual tenant revenue generated. Tenant rent is based on 30% of their adjusted household income. Actual funding received from HUD is made by the results of this formula calculation, subject to pro-ration in accordance with total funds actually appropriated by Congress.

During the year ended March 31, 2017, the Authority converted all of its public housing units to RAD and as such, no longer participates in the Low Income Public Housing Program.

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2017**

Section 8 Housing Choice Vouchers (HCV)

HUD has contracted with the Authority to provide support for the Housing Choice Voucher Program. The Authority pays Housing Assistance Payments to Landlords for Low Income tenants. The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay based on 30% of their respective adjusted household income.

Section 8 Housing Choice Vouchers (HCV)(continued)

In 2016, there were 41,303 unit months of voucher payments, compared to 40,588 in 2015. The average voucher payment in 2016 was \$900, compared to \$893 in 2015. Total HUD HAP and Administrative contributions of \$40,753,551 in 2016 was \$4,089,352 more than the amount received in 2015.

For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program. However, it is responsible for annually inspecting the units to assure that they meet or exceed HUD established housing quality standards.

Capital Fund Program

Tenant Revenues generated by the Authority are supplemented by operating subsidy from HUD. These two amounts combined are intended to cover only day to day routine expenses. This leaves the Authority with little funding for modernizing of the structures and/or for the completion of non-routine maintenance. The purpose of Capital Fund grants is to give funds to the Authority for improvement of the sites, to complete non-routine maintenance, and to assist with the improvement of the management of the Authority. This grant program is awarded by HUD, by formula allocation, on an annual basis.

Shelter Plus Care Program.

This program provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS), and related diseases. Rental assistance must be matched by an equal value in cash or in-kind provided by the grantee from federal or private sources to be used for supportive services. Funds are awarded by a nationwide competition. Program participants must be homeless with disabilities. The Authority maintains a budget authority of 115 vouchers for the Shelter Plus Care program.

Community Development Block Grant

The primary objective of the Community Development Block Grants (CDBG)/Entitlement Grants program (large cities and urban counties) is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

Housing Opportunities for Persons with Aids

The Housing Opportunities for Persons with AIDS (HOPWA) program is designed to provide States and localities with resources and incentives to devise long-term strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS) or related diseases and their families.

Business Activities

Business activities include operations of Garden House, a two family dwelling located in East Rutherford, New Jersey owned by the Authority and operated as low income housing; funds remaining under the Authority's internal Community Development Fund and Affordable Housing Fund; the HOPWA program administered on behalf of the City of Paterson Department of Human Services; the Health and Human Services Shelter administered on behalf of Bergen County and the Martin Luther King building which includes 4 units of senior citizen housing and a community center for senior citizens.

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2017**

Analysis of Net Position (Statements of Net Position)

Total Net Position for FY 2016 was \$10,700,194 and for FY 2017 the amount was \$9,813,226. This represents an overall net decrease of \$886,968 or 8.3%. Of this amount, Restricted Net Position increased \$6,617,023, while Net Investment in Capital Assets and Unrestricted Net Position decreased \$4,623,583 and \$2,880,408, respectively.

Cash and cash equivalents decreased from \$6,846,290 in FY 2016 to \$5,714,281 in FY 2017, or by \$1,132,009 or 16.5%.

Restricted Cash and Security Deposits increased to \$6,848,425 in FY 2017 from \$230,111 in FY 2016 or by \$6,618,314. The increase was primarily due to the Authority funding a replacement reserve as part of the conversion to RAD.

Capital Assets, net decreased to \$13,810,150 in FY 2017 from \$14,194,045 in FY 2016, or by \$383,895 or 2.7%. This decrease is primarily due to annual depreciation expense of \$1,264,105 and net dispositions of \$607,814, exceeded capital acquisitions of \$1,488,024.

Non-current Liabilities increased to \$20,548,794 in FY 2017 to \$12,006,640 in FY 2016, or by \$8,542,154, or 71.1%. This change was primarily a result of an increase in the Authority's net pension liability as calculated by the State of New Jersey P.E.R.S. and the Authority borrowing \$4,260,000 as part of the RAD program.

	<u>2017</u>	<u>2016</u>	<u>Net Change</u>	<u>Percent Variance</u>
Cash & Cash Equivalents	\$ 5,714,281	\$ 6,846,290	\$ (1,132,009)	-16.5%
Receivables (net)	1,239,558	1,143,380	96,178	8.4%
Prepaid expenses	306,431	296,707	9,724	3.3%
Restricted Cash & Security Deposits	6,848,425	230,111	6,618,314	2876.1%
Capital Assets	13,810,150	14,194,045	(383,895)	-2.7%
Deferred Outflows of Resources	5,040,235	2,336,239	2,703,996	115.7%
Total Assets and Deferred				
Outflows of Resources	<u>\$ 32,959,080</u>	<u>\$ 25,046,772</u>	<u>\$ 7,912,308</u>	31.6%
Current Liabilities	2,564,610	1,876,702	687,908	36.7%
Non Current Liabilities	20,548,794	12,006,640	8,542,154	71.1%
Deferred Inflows of Resources	32,450	463,236	(430,786)	-93.0%
Total Liabilities and Deferred				
Inflows of Resources	<u>23,145,854</u>	<u>14,346,578</u>	<u>8,799,276</u>	61.3%
Net Investment in Capital Assets	9,570,462	14,194,045	(4,623,583)	-32.6%
Restricted Net Position	6,637,998	20,975	6,617,023	31547.2%
Unrestricted Net Position	(6,395,234)	(3,514,826)	(2,880,408)	82.0%
Total Net Position	<u>9,813,226</u>	<u>10,700,194</u>	<u>(886,968)</u>	-8.3%
Total Liabilities, Deferred				
Inflows and Net Position	<u>\$ 32,959,080</u>	<u>\$ 25,046,772</u>	<u>\$ 7,912,308</u>	31.6%

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2017**

Analysis of Program Revenues

The Authority administers the following programs and the total revenue generated from these programs during FY 2016 was as follows:

Program	Revenues Generated
Low Income Public Housing (LIPH)	\$ 2,781,042
Public Housing Capital Fund Program (CFP)	1,168,409
Housing Choice Vouchers (HCV)	42,471,532
Continuum of Care (CofC)	1,210,981
Housing Opportunities for People with Aids (HOPWA)	354,924
Central Office Cost Center (COCC)	614,478
Business Activities (BA)	2,192,846
Total Revenue	\$ 50,794,212

Total revenues for Fiscal Year 2016 were \$48,495,089 as compared to \$50,794,212 of total revenues for Fiscal Year 2017. Comparatively, FY 2017 revenues exceeded FY 2016 revenues by \$2,299,123 or by 4.7%.

	2017	2016	Net Change	Pct. Change
Total Tenant Revenue	\$ 1,652,103	\$ 1,695,372	\$ (43,269)	-2.6%
HUD and Other Gov't Grants	47,780,307	45,787,637	1,992,670	4.4%
Other Revenue	1,361,802	1,012,080	349,722	34.6%
Total Revenue	\$ 50,794,212	\$ 48,495,089	\$ 2,299,123	4.7%

The primary reason for this change was increased HUD grants and other revenue due to the following:

- HUD increased funding in the Housing Choice Voucher Program in FY 2016.

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2017**

Analysis of Entity Wide Expenditures

Total Operating Expenses for FY 2016 were \$48,115,917 as compared to the \$51,670,555 of total operating expenses for FY 2017. This represents an overall increase of \$3,554,638, or 7.39%.

Administrative Expenses increased from \$5,675,148 in FY 2016 to \$6,853,624 in FY 2017 or \$1,178,476 or 20.77%. This increase is primarily due to increases in employee benefits due to an increase in the State of New Jersey's actuarial calculation of the Authority's pension liability (\$842,788). Office expense increased \$52,693 and other general expenses increased \$228,478.

Ordinary Repairs and Maintenance expenditures for FY 2016 were \$1,780,059 as compared to \$2,137,859 in FY 2017. This represents an increase of \$357,800 or 20.10%. A large increase in contract and material costs was the primary reason for the increase from 2016 to 2017.

Housing Assistance Payments for FY 2016 were \$38,235,890 as compared to \$40,298,379 for FY 2017. This represents an increase of \$2,062,489 or 5.39%. The increase was primarily due to the Authority converting their public housing program to project based vouchers under the RAD program.

Insurance and General increased from \$453,528 in 2016 to \$491,145 in 2017 or \$37,617 or 8.29%. The primary reason was the increase in insurance expense (\$17,748) and compensated absences (\$20,902).

The table below illustrates our analysis:

	<u>2017</u>	<u>2016</u>	<u>Net Change</u>	<u>Pct. Change</u>
Administrative	\$ 6,853,624	\$ 5,675,148	\$ 1,178,476	20.77%
Tenant Services	11,511	4,683	6,828	145.80%
Utilities	612,118	623,939	(11,821)	-1.89%
Ordinary Repairs & Maintenance	2,137,859	1,780,059	357,800	20.10%
Protective Services	1,814	1,769	45	2.54%
Insurance and General	491,145	453,528	37,617	8.29%
Housing Assistance Payments	40,298,379	38,235,890	2,062,489	5.39%
Depreciation	1,264,105	1,340,901	(76,796)	-5.73%
Total Operating Expenses	\$ 51,670,555	\$ 48,115,917	\$ 3,554,638	7.39%

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2017**

ANALYSIS OF CAPITAL ASSET ACTIVITY AND LONG-TERM DEBT

The table below illustrates the changes in Capital Assets throughout the fiscal year:

	<u>2017</u>	<u>2016</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	\$ 1,060,630	\$ 1,060,630	\$ -	0.0%
Buildings	35,235,410	36,339,072	(1,103,662)	-3.0%
Furniture, Equipment & Machinery	1,996,667	2,554,007	(557,340)	-21.8%
Construction in Process	2,856,769	2,616,237	240,532	9.2%
Total Capital Assets	41,149,476	42,569,946	(1,420,470)	-3.3%
Accumulated Depreciation	27,339,326	28,375,901	(1,036,575)	-3.7%
Net Capital Assets	<u>\$ 13,810,150</u>	<u>\$ 14,194,045</u>	<u>\$ (383,895)</u>	<u>-2.7%</u>

Fixed asset additions in the amount of \$1,488,024 were offset by depreciation expense of \$1,264,105 and net dispositions of \$607,814 for the year, resulting in an overall net decrease in fixed assets of \$383,895, or 2.7%.

Work completed under the Capital Fund Grant program is temporarily charged to construction in process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from construction in process and placed into service. Depreciation begins at this point.

Long-term Debt

The Authority borrowed \$4,260,000 utilizing four separate loans during the year ended March 31, 2017 from Housing Development Corporation of Bergen County. The mortgages are related to funding replacement reserve accounts in accordance with the Authority's RAD program. The balance at March 31, 2017 totaled \$4,239,688 with \$122,586 due currently. See footnote number 7 for more information.

ECONOMIC FACTORS AND NEXT YEARS' BUDGET AND RATES

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. However, local economic conditions affect the ability of Section 8 Housing Choice Voucher clients to find suitable housing that meet program guidelines. Therefore, funding of programs could be significantly affected by cuts to federal budgets.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF NET POSITION
AS OF MARCH 31, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$ 5,714,281
Tenant security deposits	175,827
Accounts receivable, net	1,239,558
Prepaid expenses	<u>306,431</u>
Total current assets	<u>7,436,097</u>
Non-current assets:	
Restricted cash	6,672,598
Capital assets, net	<u>13,810,150</u>
Total non-current assets	<u>20,482,748</u>
Total assets	<u>27,918,845</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>5,040,235</u>
Total assets and deferred outflows of resources	<u>\$ 32,959,080</u>

HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF NET POSITION (continued)
AS OF MARCH 31, 2017

LIABILITIES

Current liabilities:	
Accounts payable	\$ 356,818
Accrued expenses	781,376
Accrued interest payable	3,533
Accrued compensated absences, current	29,330
Tenant security deposits	175,827
Current portion of mortgages payable	122,586
Unearned revenues	226,904
Other current liabilities	<u>868,236</u>
Total current liabilities	<u>2,564,610</u>
Non-current liabilities:	
Mortgages payable, excluding current portion	4,117,102
Accrued compensated absences, non-current	389,676
Net pension liability	<u>16,042,016</u>
Total non-current liabilities	<u>20,548,794</u>
Total liabilities	<u>23,113,404</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>32,450</u>
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NET POSITION

Net position:	
Net investment in capital assets	9,570,462
Restricted	6,637,998
Unrestricted	<u>(6,395,234)</u>
Total net position	<u>9,813,226</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 32,959,080</u>

**HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2017**

Operating revenues:	
Tenant revenue	\$ 1,652,103
HUD operating grants	45,249,371
Other government grants	1,362,527
Other revenues	<u>1,321,992</u>
Total operating revenues	<u>49,585,993</u>
Operating expenses:	
Administrative	6,853,624
Tenant services	11,511
Utilities	612,118
Ordinary repairs and maintenance	2,137,859
Protective services	1,814
Insurance and general	491,145
Housing assistance payments	40,298,379
Depreciation	<u>1,264,105</u>
Total operating expenses	<u>51,670,555</u>
Operating loss	<u>(2,084,562)</u>
Non-operating revenues:	
Investment income	36,610
Interest expense	(10,625)
Gain on investment in leased property	<u>3,200</u>
Net non-operating revenues	<u>29,185</u>
Loss before capital grants	(2,055,377)
Capital grants	<u>1,168,409</u>
Change in net position	(886,968)
Total net position, beginning of year	<u>10,700,194</u>
Total net position, end of year	<u><u>\$ 9,813,226</u></u>

**HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017**

Cash Flows from Operating Activities:	
Cash received from grantors	\$ 46,834,114
Cash received from tenants and other activities	2,614,789
Cash paid to suppliers	(44,968,292)
Cash paid to employees	<u>(3,554,911)</u>
Net cash provided by operating activities	<u>925,700</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(880,210)
Capital grants	1,168,409
Casualty losses	3,200
Proceeds on issuance of long-term debt	4,260,000
Principal payments on long-term debt	(20,312)
Interest paid on long term debt	<u>(7,092)</u>
Net cash provided in capital and related financing activities	<u>4,523,995</u>
Cash Flows from Investing Activities:	
Investment income	<u>36,610</u>
Net cash provided by investing activities	<u>36,610</u>
Net increase in cash and cash equivalents	5,486,305
Cash and cash equivalents, beginning of year	<u>7,076,401</u>
Cash and cash equivalents, end of year	<u>\$ 12,562,706</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and cash equivalents	\$ 5,714,281
Tenant security deposits	175,827
Restricted cash	<u>6,672,598</u>
Cash and cash equivalents, end of year	<u>\$ 12,562,706</u>

HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (2,084,562)
Adjustments to reconcile operating loss to net cash flows provided by operating activities:	
Items which did not use cash:	
Depreciation	1,264,105
Bad debts	21,364
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable	(117,542)
Prepaid expenses	(9,724)
Deferred outflows of resources	(2,703,996)
Accounts payable	(22,727)
Accrued expenses	399,673
Tenant security deposits	1,136
Accrued compensated absences	(254)
Net pension liability	4,425,288
Deferred inflows of resources	(430,786)
Unearned revenue	(51,520)
Other liabilities	<u>235,245</u>
Net cash flows provided by operating activities	<u>\$ 925,700</u>

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of Bergen County (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") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in Bergen County, New Jersey ("the County"). The Authority is responsible for operating certain low-rent housing programs in the County under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the housing authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The Authority maintains the following type of proprietary fund:

Enterprise Fund – The Authority's operations are presented as a single enterprise fund. The transactions for each of the programs of the Authority are accounted for in separate funds for internal purposes and grant requirements and combined into one enterprise fund on the Statement of Net Position and all inter-company transactions are eliminated.

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations.

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

The principal operating revenues of the Authority's funds are rent and maintenance charges to residents, operating grants and subsidies from HUD, and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing services to residents and the housing assistance payments to residents. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"), as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include management's discussion and analysis as part of the Required Supplemental Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions*, grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued *PIH Notice 2008-9* which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net assets (position), with the associated cash and investments also being reported on HUD's Financial Data Schedule ("FDS") as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the FDS as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Housing Choice Voucher program is no longer a cost reimbursement grant, therefore the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

Any investment income earned on these funds is reflected in the net asset (position) account on which the investment income was earned. That is, investment income earned on HAP cash balances is credited to the HAP restricted net position account and investment income earned on administrative fee cash balances is credited to the unrestricted net position account.

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

The Authority adopted GASB 68, *"Accounting and Financial Reporting for Pensions."* GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, GASB 68 details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, the Authority's basic financial statements include those of the Housing Authority of Bergen County and any component units. Component units are legally separate, tax-exempt organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Section 8 Housing Choice Vouchers

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Public Housing Capital Fund Program

The purpose of the Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Continuum of Care

The Continuum of Care Program is designed to promote community-wide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly re-house homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Housing Opportunities for Persons with Aids

The Housing Opportunities for Persons with AIDS (HOPWA) Program is designed to provide states and localities with resources and incentives to devise long-term strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS) or related diseases and their families.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Business Activities

Business activities include operations of Garden House, a two family dwelling located in East Rutherford, New Jersey owned by the Authority and operated as low income housing; funds remaining under the Authority's internal Community Development Fund and Affordable Housing Fund; the HOPWA program administered on behalf of the City of Paterson Department of Human Services; the Health and Human Services Shelter administered on behalf of Bergen County and the Martin Luther King building which includes 4 units of senior citizen housing and a community center for senior citizens.

E. Cash, Cash Equivalents and Investments

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with GUDPA.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at the time of purchase. Investments are carried at cost plus accrued interest which approximates market value. Income from investments is recognized on the accrual basis.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed, but not received and for amounts unbilled, but earned as of year-end.

G. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

H. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

I. Capital Assets

Fixed assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Buildings 40 Years
- Site Improvements 15 Years
- Furniture, Fixtures and Equipment 5-10 Years

The Authority has established a capitalization threshold of \$2,500.

J. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Unearned Revenues

The Authority's unearned revenues consists of the prepayment of tenant rents.

L. Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes, however, they are reflected in the accompanying FDS as required by HUD.

M. Taxes

The Authority is a unit of local government under New Jersey law and is exempt from real estate, sales and income taxes.

N. Compensated Absences

Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. New employees accrue 6 vacation days after satisfactory completion of the new hire period. Such employees will continue to earn one day per month until the completion of 12 full months of employment. From the beginning of the second year of employment, 1 1/4 days are earned per month for a maximum of 15 days per year, and from the beginning of the sixth year of employment, 1 2/3 days per month are earned for a total of 20 days per year . Employees' sick leave accumulates and employees may be compensated for sick leave at retirement at a rate of 50%, but no payment shall exceed \$16,000.

O. Use of Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses, compensated absences and other liabilities, depreciable lives of properties and equipment and contingencies. Actual results could differ significantly from these estimates.

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

Q. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with GAAP. All appropriations lapse at HUD's program year end or at the end of grant periods.

Pursuant to N.J.S.A. 40A:5A-10 and N.J.A.C. 5:31 the Authority is also required to submit an authority wide budget for each fiscal year to the Director of the Division of Local Government Services 60 days prior to the end of the fiscal year.

NOTE 2. CASH ON DEPOSIT

As of March 31, 2017, the Authority had funds on deposit in checking and money market accounts.

As of March 31, 2017, the carrying amount of the Authority's cash (on deposit) was \$12,562,706, and the bank balance was \$12,863,665. Cash and cash equivalents consist of the following:

<u>Cash Category</u>	<u>Amount</u>
Operating	\$ 5,714,281
Restricted cash	6,672,598
Tenant security deposits	<u>175,827</u>
	<u>\$ 12,562,706</u>

Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$12,613,665 was collateralized with the pledging financial institution as of March 31, 2017.

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017**

NOTE 2. CASH ON DEPOSIT (continued)

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2017, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

As of March 31, 2017, accounts receivable consisted of the following:

<u>Category</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 133,431
Accounts receivable - other government	510,419
Accounts receivable - miscellaneous	580,396
Accounts receivable - tenants, net	<u>15,312</u>
	<u>\$ 1,239,558</u>

A. Accounts receivable - HUD

HUD program receivables represent amounts due to the Authority for operating and capital grants. The Authority considers these amounts to be fully collectible and accordingly, has made no allowance for doubtful accounts.

B. Accounts receivable - other government

Accounts receivable - other government consist of amounts due from other Public Housing Authorities for portable tenants, as well as from state and local governments for reimbursements of grant expenditures. The Authority considers these amounts fully collectible and accordingly, has made no allowance for doubtful accounts.

C. Accounts receivable - miscellaneous

Accounts receivable - miscellaneous consist primarily of amounts due from managed properties for operating subsidies and for contract fees owed. As of March 31, 2017, these amounts totaled \$580,396. The Authority considers this amount to be fully collectible and accordingly, has made no allowance for doubtful accounts.

D. Accounts Receivable - tenants, net

As of March 31, 2017 tenant receivables consist of rental money due to the Authority for providing housing, and are shown net of an allowance for doubtful accounts of \$8,012.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 4. RESTRICTED DEPOSITS

Restricted deposits consists of the following as of March 31, 2017:

<u>Cash Category</u>	<u>Amount</u>
RAD Rehabilitation Reserves	\$ 6,637,998
Family Self Sufficiency Deposits	34,600
Tenant Security Deposits	<u>175,827</u>
	<u>\$ 6,848,425</u>

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Housing Choice Voucher program by FSS program participants.

Tenant security deposits are held in trust and restricted for refund to tenant upon termination or discontinuance.

RAD rehabilitation reserve funds are restricted for capital improvements related to properties specified in mortgage agreement with the Housing Development Corporation of Bergen County.

NOTE 5. CAPITAL ASSETS, NET

A summary of the changes in capital assets during the year ended March 31, 2017 is as follows:

<u>Description</u>	<u>March 31,</u> <u>2016</u>	<u>Additions</u>	<u>Dispositions</u> <u>and</u> <u>Impairments</u>	<u>Transfers</u>	<u>March 31,</u> <u>2017</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,060,630	\$ -	\$ -	\$ -	\$ 1,060,630
Construction in progress	<u>2,616,237</u>	<u>799,427</u>	<u>(558,895)</u>	<u>-</u>	<u>2,856,769</u>
Total	<u>3,676,867</u>	<u>799,427</u>	<u>(558,895)</u>	<u>-</u>	<u>3,917,399</u>
<u>Depreciable capital assets:</u>					
Buildings	36,521,551	666,404	(1,952,545)	-	35,235,410
Furniture and equipment	<u>2,371,528</u>	<u>22,193</u>	<u>(397,054)</u>	<u>-</u>	<u>1,996,667</u>
Total	<u>38,893,079</u>	<u>688,597</u>	<u>(2,349,599)</u>	<u>-</u>	<u>37,232,077</u>
Less: accumulated depreciation	<u>(28,375,901)</u>	<u>(1,264,105)</u>	<u>2,300,680</u>	<u>-</u>	<u>(27,339,326)</u>
Net capital assets	<u>\$ 14,194,045</u>	<u>\$ 223,919</u>	<u>\$ (607,814)</u>	<u>\$ -</u>	<u>\$ 13,810,150</u>

Depreciation expense for the year ended March 31, 2017 totaled \$1,264,105.

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017**

NOTE 6. ACCRUED COMPENSATED ABSENCES

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the Statement of Net Position date for which payment is probable. As of March 31, 2017, the Authority had accrued \$419,006, of which \$29,330 is estimated to be currently due.

During the year ended March 31, 2017, accrued compensated absences activity consisted of the following:

Description	March 31, 2016	Additions	Payments	March 31, 2017	due within one Year
Compensated absences	\$ <u>419,260</u>	\$ <u>52,574</u>	\$ <u>(52,828)</u>	\$ <u>419,006</u>	\$ <u>29,330</u>

NOTE 7. MORTGAGES PAYABLE

Mortgages payable consisted of the following as of March 31, 2017:

<u>Description</u>	<u>Amount</u>
The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of David F Roche on December 13, 2016 in the amount of \$1,000,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047.	\$ 995,232
The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of Boiling Springs on December 13, 2016 in the amount of \$1,550,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047.	1,542,610
The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of Carucci Apartments on December 13, 2016 in the amount of \$700,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047.	696,662
The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of Highland View on December 13, 2016 in the amount of \$535,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047.	532,449

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 7. MORTGAGES PAYABLE (continued)

The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of Ramsey/Mahwah on December 13, 2016 in the amount of \$475,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047.

	<u>472,735</u>
Total loans payable	4,239,688
Less: current portion	<u>122,586</u>
Total loans payable, excluding unamortized debt issuance costs	<u>\$ 4,117,102</u>

Estimated annual maturities of the above mortgages are as follows:

2018	\$	122,586
2019		123,818
2020		125,062
2021		126,318
2022		127,586
Thereafter		<u>3,614,318</u>
	\$	<u>4,239,688</u>

NOTE 8. PENSION PLAN

A. Plan Description

The State of New Jersey, Public Employees Retirement System (PERS) is a cost-sharing multiple employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR), which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

B. Benefits

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:

1. Members who were enrolled prior to July 1, 2007
2. Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 8. PENSION PLAN (continued)

B. Benefits (continued)

3. Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4. Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
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 tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers one and two before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more 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 a member retires prior to the age at which a member 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 the service retirement age for the respective tier.

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by all active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on the actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with 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. This 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 the assets.

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

At March 31, 2017, the Authority reported a liability of \$16,042,016 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 8. PENSION PLAN (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended March 31, 2017, the Authority recognized pension expense of \$1,742,621. At March 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 3,323,049	\$ -
Changes in Proportion	807,156	-
Differences between expected and actual experience	298,333	-
Net differences between actual and projected earnings on pension plan investments	611,697	-
Amortization - Difference between contribution and amount paid	<u>-</u>	<u>(32,450)</u>
Total	<u>\$ 5,040,235</u>	<u>\$ (32,450)</u>

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

Year ended March 31:	<u>Amount</u>
2018	\$ 1,155,159
2019	1,155,159
2020	1,304,306
2021	1,045,556
2022	<u>347,605</u>
	<u>\$ 5,007,785</u>

E. Actuarial Assumptions

The total pension liability at the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The actuarial valuation used the following assumptions, applied to all periods in the measurement.

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017**

NOTE 8. PENSION PLAN (continued)

E. Actuarial Assumptions (continued)

This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate	3.08%
Salary increases:	
Through 2026	1.65 - 4.15%, based on age
Thereafter	2.65 - 5.15%, based on age
Investment rate of return	7.65%

Pre-mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For state employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

F. Long-term Expected Rate of Return

The long-term expected rate of return is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class including the PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017**

NOTE 8. PENSION PLAN (continued)

F. Long-term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

G. Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on the pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made based on the contribution rate in the most recent fiscal year. The state employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

H. Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 3.98 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.98 percent) or 1 percentage point higher (4.98 percent) than the current rate.

	1% Decrease <u>(2.98%)</u>	Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
Authority's proportionate share of the net pension liability	\$ <u>19,657,617</u>	\$ <u>16,042,016</u>	\$ <u>13,057,022</u>

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 9. LONG TERM OBLIGATIONS

For the year ended March 31, 2017, the following changes occurred in the Authority's long-term obligations:

	Balance at March 31, 2016	Additions	Retirements	Balance at March 31, 2017	Due in One Year
Accrued compensated absences	\$ 419,260	\$ 52,574	\$ (52,828)	\$ 419,006	\$ 29,330
Mortgages payable	-	4,260,000	(20,312)	4,239,688	122,586
Net pension liability	<u>11,616,728</u>	<u>4,870,195</u>	<u>(444,907)</u>	<u>16,042,016</u>	<u>-</u>
	<u>\$ 12,035,988</u>	<u>\$ 9,182,769</u>	<u>\$ (518,047)</u>	<u>\$ 20,700,710</u>	<u>\$ 151,916</u>

NOTE 10. RESTRICTED NET POSITION

As of March 31, 2017, restricted net position consisted of RAD rehabilitation reserves restricted for capital improvements related to properties specified in mortgage agreement with the Housing Development Corporation of Bergen County.

NOTE 11. COMMITMENTS

The Authority leases its facilities under a five year operating lease agreement with the County of Bergen. Under that agreement the Authority must prepay the following years rent in December of the preceding year. The lease commenced on March 1, 2013 and yearly rent is \$186,000 in each year of the five year agreement. The lease has an option for a five year renewal with a cost of living increase.

NOTE 12. ECONOMIC DEPENDENCY

The Section 8 Housing Choice Vouchers and the Public and Indian Housing programs are economically dependent on annual grants from HUD.

NOTE 13. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of March 31, 2017, the Authority estimates that no material liabilities will result from such audits other than what has been disclosed herein.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 14. RISK MANAGEMENT

The Authority is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. Significant losses are covered by commercial insurance for all major programs, there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 15. SUBSEQUENT EVENTS

Events that occur after the financial statement 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 financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through December 21, 2017 (the date 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.



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

To the Board of Commissioners
Housing Authority of Bergen County:

We have audited, in accordance with the 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Housing Authority of Bergen County (the "Authority") as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of Bergen County's financial statements, and have issued our report thereon dated December 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of Bergen County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Bergen County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Bergen County'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 a 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 internal control 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of Bergen County's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2017-001.

Authority's Response to Findings

The Housing Authority of Bergen County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of Bergen County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

December 21, 2017
Toms River, New Jersey

Novogradac & Company LLP



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND THE STATE OF NEW JERSEY
OMB CIRCULAR 15-08**

To the Board of Commissioners
Housing Authority of Bergen County:

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of Bergen County's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of New Jersey OMB Circular that could have a direct and material effect on each of the Housing Authority of Bergen County's major federal programs for the year ended March 31, 2017. The Housing Authority of Bergen County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of Bergen County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of New Jersey OMB Circular 15-08. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Bergen County'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 Bergen County's compliance.

Basis for Qualified Opinion on Housing Choice Voucher Program

As described in the accompanying schedule of findings and questioned costs in item 2017-001, the Housing Authority of Bergen County did not comply with the special tests and provisions compliance requirements of the Uniform Guidance regarding annual inspections as required by the Section 8 Housing Choice Vouchers Program (CFDA #14.871). Compliance with such requirements is necessary, in our opinion, for the Housing Authority of Bergen County to comply with the requirements applicable to this program.

Qualified Opinion on Housing Choice Voucher Program

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraph, the Housing Authority of Bergen County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Section 8 Housing Choice Vouchers program.

Other Matters

The Housing Authority of Bergen County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of Bergen County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Housing Authority of Bergen County 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 Bergen County'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 Housing Authority of Bergen County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 type of 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 a 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.

Report on Internal Control Over Compliance (continued)

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weakness.

The Housing Authority of Bergen County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of Bergen County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Novogradac & Company LLP

December 21, 2017
Toms River, New Jersey

**HOUSING AUTHORITY OF BERGEN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2017**

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period From / To		Grant Award	Fiscal Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>							
Public and Indian Housing	14.850	N/A	1/1/16	12/31/17	\$ 3,093,318	\$ 1,490,199	\$ 1,885,675
Section 8 Housing Choice Vouchers	14.871	N/A	4/1/16	3/31/17	42,587,392	42,587,392	42,587,392
Public Housing Capital Fund	14.872	N/A	09/09/13	4/12/20	2,228,770	1,168,409	2,165,538
Continuum of Care Program	14.267	N/A	4/1/16	3/31/17	2,702,661	1,210,452	2,329,556
Housing Opportunities for Persons with AIDS	14.241	N/A	4/1/16	3/31/17	<u>354,537</u>	<u>354,537</u>	<u>354,537</u>
Total U.S. Department of Housing and Urban Development					<u>50,966,678</u>	<u>46,810,989</u>	<u>49,322,698</u>
Total Federal Awards					<u>\$ 50,966,678</u>	<u>\$ 46,810,989</u>	<u>\$ 49,322,698</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Housing Authority of Bergen County under programs of the federal government for the year ended March 31, 2017. The information in the Schedule is presented in accordance with the 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) and the State of New Jersey OMB Circular 15-08. Because the Schedule presents only a selected portion of operations of the Housing Authority of Bergen County, it is not intended to and does not present the financial position, changes in net position or cash flows of the Housing Authority of Bergen County.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

NOTE 4. SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

The total amount of Capital Fund Program Costs and Advances incurred and earned by the Housing Authority of Bergen County as of and for the year ended March 31, 2017 are provided herein.

- 1) Capital Fund Grant No. NJ39P067501-13 with an approved funding of \$498,911 has been fully drawn down and expended as per Capital Fund Grant Regulations.
- 2) Capital Fund Grant No. NJ39P067501-14 with an approved funding of \$574,041 has been fully drawn down and expended as per Capital Fund Grant Regulations.
- 3) Capital Fund Grant No. NJ39P067501-15 with an approved funding of \$583,527 has been fully drawn down and expended as per Capital Fund Grant Regulations.

	<u>501-13</u>	<u>501-14</u>	<u>501-15</u>	<u>501-16</u>	<u>Totals</u>
Budget	\$ <u>498,911</u>	\$ <u>574,041</u>	\$ <u>583,527</u>	\$ <u>572,291</u>	\$ <u>2,228,770</u>
<u>Advances:</u>					
Cumulative through 3/31/16	\$ 497,843	\$ 225,505	\$ -	\$ -	\$ 723,348
Current Year	<u>1,068</u>	<u>348,536</u>	<u>583,527</u>	<u>509,058</u>	<u>1,442,189</u>
Cumulative through 3/31/17	<u>498,911</u>	<u>574,041</u>	<u>583,527</u>	<u>509,058</u>	<u>2,165,537</u>
<u>Costs:</u>					
Cumulative through 3/31/16	498,911	498,217	-	-	997,128
Current Year	<u>-</u>	<u>75,824</u>	<u>583,527</u>	<u>509,058</u>	<u>1,168,409</u>
Cumulative through 3/31/17	<u>498,911</u>	<u>574,041</u>	<u>583,527</u>	<u>509,058</u>	<u>2,165,537</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**HOUSING AUTHORITY OF BERGEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2017**

I. Summary of Auditors' Results

Financial Statements

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | No |
| 3. | Noncompliance material to the financial statements? | Yes |

Federal Awards

- | | | |
|----|--|-------------|
| 1. | Internal control over compliance: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified? | No |
| 2. | Type of auditors' report on compliance for major programs: | Qualified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 4. | Identification of major programs: | |
| | <u>CFDA Number</u> <u>Name of Federal Program</u> | |
| | 14.871 Section 8 Housing Choice Vouchers | |
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$1,404,330 |
| 6. | Auditee qualified as low-risk Auditee? | No |

HOUSING AUTHORITY OF BERGEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

II. Financial Statement Findings

None.

III. Federal Award Findings and Questioned Costs

Finding 2017-001

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Titles: Section 8 Housing Choice Vouchers Program

Federal Catalog Numbers: 14.871

Material Noncompliance – N. Special Tests and Provisions – Housing Quality Standards

Non Compliance Material to the Financial Statements: Yes

Material Weakness in Internal Control over Compliance for Special Tests and Provisions

Criteria: Housing Quality Standards Inspections. The PHA must inspect the unit leased to a family at least annually to determine if the unit meets the Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)). For units that fail inspection the PHA must correct all life threatening HQS deficiencies with 24 hours and all other deficiencies within 30 days.

Condition: Based upon inspection of the Authority's files and on discussion with management, there were units that had not passed re-inspection within the required thirty day period and abatements had not been processed for those units.

Context: Of a sample size of 40 units that had initially failed inspection, thirty-one (31) units did not pass re-inspection within 30 days. HAP abatements were not processed in accordance with Program compliance requirements for those thirty-one (31) units. Our sample size is statistically valid.

Known Questioned Costs: \$32,436

Likely Questioned Costs: \$2,498,526

Cause: There is a material weakness in internal controls over the compliance for the special tests and provision type of compliance related to HQS inspections. The Authority has not properly considered, designed, implemented, maintained and monitored a system of internal controls that reasonably assures the program is in compliance.

Effect: The Section 8 Housing Choice Vouchers Program is in material non-compliance with the special tests and provisions type of compliance related to HQS inspections. The non-compliance is also material to the financial statements.

Recommendation: We recommend the Authority design and implement internal controls that will assure compliance with the Uniform Guidance.

HOUSING AUTHORITY OF BERGEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED MARCH 31, 2017

III. Federal Award Findings and Questioned Costs (continued)

Views of responsible officials and planned corrective action: The Authority recognized programmatic inconsistencies and implemented new procedures in 2015 which were not utilized correctly by staff. The Authority then undertook outsourcing analysis and determined the greatest benefit was to contract with an outside agency for inspection services. Contracted inspection services began in January of 2016, resulting in first quarter delays due to a volume of mistakes and inconsistencies that required correction. At present, the Authority is not only compliant, having corrected past errors, but ahead of the required processing schedule.

IV. Schedule of Prior Year Federal Audit Findings

Reference 2016-001:

Observation: Based upon inspection of the Authority's files and on discussion with management, there were units that had not passed re-inspection within the required thirty day period and abatements had not been processed for those units. Of a sample size of 25 units that had initially failed inspection, sixteen (16) units did not pass re-inspection within 30 days. HAP abatements were not processed in accordance with Program compliance requirements for those sixteen (16) units.

Status: The finding remains open. See finding 2017-001 above.

**HOUSING AUTHORITY OF BERGEN COUNTY
REQUIRED PENSION INFORMATION
FOR THE YEAR ENDED MARCH 31, 2017**

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS***

	March 31, <u>2014</u>	March 31, <u>2015</u>	March 31, <u>2016</u>	March 31, <u>2017</u>
Contractually required contribution	\$ 356,467	\$ 440,787	\$ 444,907	\$ 481,191
Contributions in relation to the contractually required contribution	<u>356,467</u>	<u>440,787</u>	<u>444,907</u>	<u>481,191</u>
(Over) / under funded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	<u>\$ 2,973,524</u>	<u>\$ 3,036,660</u>	<u>\$ 3,191,600</u>	<u>\$ 3,554,911</u>
Contributions as a percentage of covered-employee payroll	<u>11.99 %</u>	<u>14.52 %</u>	<u>13.94 %</u>	<u>13.54 %</u>

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS***

	March 31, <u>2014</u>	March 31, <u>2015</u>	March 31, <u>2016</u>	March 31, <u>2017</u>
Authority's proportion of the net pension liability	<u>0.0473 %</u>	<u>0.0535 %</u>	<u>0.0517 %</u>	<u>0.0542 %</u>
Authority's proportionate share of the net pension liability	<u>\$ 9,041,775</u>	<u>\$ 10,010,775</u>	<u>\$ 11,616,728</u>	<u>\$ 16,042,016</u>
Authority's covered-employee payroll	<u>\$ 2,973,524</u>	<u>\$ 3,036,660</u>	<u>\$ 3,554,911</u>	<u>\$ 3,554,911</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>304.08 %</u>	<u>329.66 %</u>	<u>326.78 %</u>	<u>451.26 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>48.72 %</u>	<u>52.08 %</u>	<u>47.93 %</u>	<u>43.35 %</u>

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

See Report of Independent Auditors.

BERGEN COUNTY HOUSING AUTHORITY										
NJ067										
Financial Data Schedule (FDS)										
March 31, 2017										
Line Item #	Account Description	Project Total	14.218 Community Dev. Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.241 Housing Opportunities for Persons with AIDS	14.267 Continuum of Care	Business Activities	COCC	Elimination	TOTAL
ASSETS:										
CURRENT ASSETS:										
Cash:										
111	Cash - unrestricted	\$ -	\$ -	\$ 2,169,313	\$ 77,085	\$ 141,328	\$ 707,485	\$ 2,619,070	\$ -	\$ 5,714,281
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	34,600	-	-	6,637,998	-	-	6,672,598
114	Cash - tenant security deposits	-	-	-	-	-	175,827	-	-	175,827
115	Cash - restricted for payment of current liabilities	-	-	-	-	-	-	-	-	-
100	Total cash	-	-	2,203,913	77,085	141,328	7,521,310	2,619,070	-	12,562,706
Accounts and notes receivables:										
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	133,431	-	-	-	133,431
124	Accounts receivable - other government	-	-	-	21,287	-	489,132	-	-	510,419
125	Accounts receivable - miscellaneous	-	-	89,396	-	2,727	22,929	465,344	-	580,396
126	Accounts receivable- tenants	-	-	-	-	-	23,324	-	-	23,324
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	(8,012)	-	-	(8,012)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	-	-	89,396	21,287	136,158	527,373	465,344	-	1,239,558
Current investments										
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	148,235	193	-	98,008	59,995	-	306,431
143	Inventories	-	-	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	84,197	38,655	610,194	(733,046)	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	-	-	2,441,544	98,565	361,683	8,185,346	3,754,603	(733,046)	14,108,695
NONCURRENT ASSETS:										
Fixed assets:										
161	Land	-	-	-	-	-	1,060,630	-	-	1,060,630
162	Buildings	-	-	-	-	-	35,235,410	-	-	35,235,410
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	1,699,280	-	-	1,699,280
164	Furniture, equipment & machinery - administration	-	-	124,298	-	-	-	173,089	-	297,387
166	Accumulated depreciation	-	-	(87,333)	-	-	(27,104,183)	(147,810)	-	(27,339,326)
167	Construction in Progress	-	-	-	-	-	2,856,769	-	-	2,856,769
168	Infrastructure	-	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	-	-	36,965	-	-	13,747,906	25,279	-	13,810,150
Other non-current assets:										
174	Other assets	-	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	-	-	36,965	-	-	13,747,906	25,279	-	13,810,150
200	Deferred Outflow of Resources	-	-	1,842,239	-	-	1,278,602	1,919,394	-	5,040,235
290	TOTAL ASSETS AND DEFERRED OUTFLOW	\$ -	\$ -	\$ 4,320,748	\$ 98,565	\$ 361,683	\$ 23,211,854	\$ 5,699,276	\$ (733,046)	\$ 32,959,080

BERGEN COUNTY HOUSING AUTHORITY										
NJ067										
Financial Data Schedule (FDS)										
March 31, 2017										
Line Item #	Account Description	Project Total	14.218 Community Dev. Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.241 Housing Opportunities for Persons with AIDS	14.267 Continuum of Care	Business Activities	COCC	Elimination	TOTAL
LIABILITIES AND EQUITY:										
Liabilities:										
Current Liabilities:										
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable ≤ 90 days	-	-	171,024	52	20,338	41,540	5,766	-	238,720
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	781,376	-	781,376
322	Accrued compensated absences - current portion	-	-	4,072	-	-	6,213	19,045	-	29,330
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	3,533	-	-	3,533
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	118,085	13	-	118,098
341	Tenant security deposits	-	-	-	-	-	175,827	-	-	175,827
342	Unearned Revenue	-	-	-	-	-	226,904	-	-	226,904
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	122,586	-	-	122,586
345	Other current liabilities	-	-	34,625	-	-	-	668,331	-	702,956
346	Accrued liabilities - other	-	-	-	-	-	159,210	6,070	-	165,280
347	Interprogram - due to	-	-	-	-	305,642	427,404	-	(733,046)	-
310	TOTAL CURRENT LIABILITIES	-	-	209,721	52	325,980	1,281,302	1,480,601	(733,046)	2,564,610
NONCURRENT LIABILITIES:										
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	4,117,102	-	-	4,117,102
353	Non-current liabilities- other	-	-	-	-	-	-	-	-	-
354	Accrued compensated absences - noncurrent	-	-	54,102	-	-	82,542	253,032	-	389,676
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	5,840,680	-	-	4,032,423	6,168,913	-	16,042,016
350	TOTAL NONCURRENT LIABILITIES	-	-	5,894,782	-	-	8,232,067	6,421,945	-	20,548,794
300	TOTAL LIABILITIES	-	-	6,104,503	52	325,980	9,513,369	7,902,546	(733,046)	23,113,404
400	Deferred Inflow of resources	-	-	17,893	-	-	14,557	-	-	32,450
EQUITY:										
508.1	Invested in Capital Assets, Net of Related Debt	-	-	36,965	-	-	9,508,219	25,278	-	9,570,462
511.1	Restricted Net Assets	-	-	-	-	-	6,637,998	-	-	6,637,998
512.1	Unrestricted Net Assets	-	-	(1,838,613)	98,513	35,703	(2,462,289)	(2,228,548)	-	(6,395,234)
513	TOTAL EQUITY	-	-	(1,801,648)	98,513	35,703	13,683,928	(2,203,270)	-	9,813,226
600	TOTAL LIABILITIES, EQUITY AND DEFERRED INFLOWS	\$ -	\$ -	\$ 4,320,748	\$ 98,565	\$ 361,683	\$ 23,211,854	\$ 5,699,276	\$ (733,046)	\$ 32,959,080
Proof of concept										

BERGEN COUNTY HOUSING AUTHORITY												
NJ067												
Financial Data Schedule (FDS)												
March 31, 2017												
Line Item #	Account Description	Operating	Capital	Project Total	14.218 Community Dev. Block Grants/Entitle- ment Grants	14.871 Housing Choice Vouchers	14.241 Housing Opportunities for Persons with AIDS	14.267 Continuum of Care	Business Activities	COCC	Elimination	TOTAL
	REVENUE:											
70300	Net tenant rental revenue	\$ 1,240,797	\$ -	\$ 1,240,797	\$ -	\$ -	\$ -	\$ -	\$ 411,306	\$ -	\$ -	\$ 1,652,103
70400	Tenant revenue - other	-	-	-	-	-	-	-	-	-	-	-
70500	Total tenant revenue	1,240,797	-	1,240,797	-	-	-	-	411,306	-	-	1,652,103
70600	HUD PHA grants	1,490,199	-	1,490,199	-	42,194,183	354,537	1,210,452	-	-	-	45,249,371
70610	Capital grants	-	1,168,409	1,168,409	-	-	-	-	-	-	-	1,168,409
70710	Management fee	-	-	-	-	-	-	-	-	1,019,054	(1,019,054)	-
70720	Asset management fee	-	-	-	-	-	-	-	-	45,270	(45,270)	-
70730	Book keeping fee	-	-	-	-	-	-	-	-	341,880	(341,880)	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	97,065	(97,065)	-
70750	Other fees	-	-	-	-	-	-	-	-	602,913	-	602,913
70800	Other government grants	-	-	-	-	-	-	-	1,362,527	-	-	1,362,527
71100	Investment income - unrestricted	6,282	-	6,282	-	10,254	387	529	11,773	7,385	-	36,610
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	19,128	-	-	-	-	-	19,128
71500	Other revenue	43,764	-	43,764	-	247,967	-	-	407,240	980	-	699,951
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-	-	-	3,200	-	3,200
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-
70000	TOTAL REVENUE	2,781,042	1,168,409	3,949,451	-	42,471,532	354,924	1,210,981	2,192,846	2,117,747	(1,503,269)	50,794,212
	EXPENSES:											
	Administrative											
91100	Administrative salaries	204,669	-	204,669	-	849,618	9,947	26,814	541,501	886,380	-	2,518,929
91200	Auditing fees	(3,297)	-	(3,297)	-	12,195	122	-	3,322	388	-	12,730
91300	Outside management fees	300,546	-	300,546	-	713,338	-	-	133,435	-	(1,019,054)	128,265
91310	Book-keeping fee	33,480	-	33,480	-	307,860	-	-	540	-	(341,880)	-
91400	Advertising and marketing	-	-	-	-	10,722	-	-	-	-	-	10,722
91500	Employee benefit contributions- administrative	133,191	-	133,191	-	980,470	8,776	22,146	577,025	1,049,054	-	2,770,662
91600	Office expenses	55,489	-	55,489	-	272,992	532	702	60,733	247,180	-	637,628
91700	Legal expenses	1,246	-	1,246	-	47,520	-	-	455	23,523	-	72,744
91800	Travel	1,773	-	1,773	-	4,077	42	-	4,792	6,084	-	16,768
91810	Allocated overhead	-	-	-	-	-	-	-	-	-	-	-
91900	Other	51	-	51	-	156,299	331,514	-	59,853	137,459	-	685,176
	Total administrative	727,148	-	727,148	-	3,355,091	350,933	49,662	1,381,656	2,350,068	(1,360,934)	6,853,624
92000	Asset Management Fee	45,270	-	45,270	-	-	-	-	-	-	(45,270)	-
	Tenant services											
92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	3,651	-	3,651	-	-	-	-	7,860	-	-	11,511
	Total tenant services	3,651	-	3,651	-	-	-	-	7,860	-	-	11,511

BERGEN COUNTY HOUSING AUTHORITY												
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Financial Data Schedule (FDS)												
March 31, 2017												
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	Utilities											
93100	Water	177,486	-	177,486	-	-	-	-	43,165	-	-	220,651
93200	Electricity	220,952	-	220,952	-	-	-	-	86,898	-	-	307,850
93300	Gas	42,198	-	42,198	-	-	-	-	41,419	-	-	83,617
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-	-	-	-	-	-
93700	Employee benefit contributions- utilities	-	-	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-
	Total utilities	440,636	-	440,636	-	-	-	-	171,482	-	-	612,118
	Ordinary maintenance & operation											
94100	Ordinary maintenance and operations - labor	301,783	-	301,783	-	-	-	-	101,748	224,086	-	627,617
94200	Ordinary maintenance and operations - materials & other	80,419	-	80,419	-	-	-	-	78,751	6,816	-	165,986
94300	Ordinary maintenance and operations - contract costs	405,521	-	405,521	-	-	-	-	690,324	4,678	(97,065)	1,003,458
94500	Employee benefit contributions- ordinary maintenance	184,275	-	184,275	-	-	-	-	54,904	101,619	-	340,798
	Total ordinary maintenance	971,998	-	971,998	-	-	-	-	925,727	337,199	(97,065)	2,137,859
	Protective services											
95100	Protective services - labor	1,814	-	1,814	-	-	-	-	-	-	-	1,814
95200	Protective services- other contract costs	-	-	-	-	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-	-	-	-	-	-
	Total protective services	1,814	-	1,814	-	-	-	-	-	-	-	1,814
	General expenses											
96100	Insurance premiums	65,861	-	65,861	-	22,752	246	-	59,652	30,444	-	178,955
96200	Other general expenses	52	-	52	-	58,860	-	-	62,000	-	-	120,912
96210	Compensated absences	18,478	-	18,478	-	-	-	-	2,740	31,356	-	52,574
96300	Payments in lieu of taxes	89,614	-	89,614	-	-	-	-	27,726	-	-	117,340
96400	Bad debt - tenant rents	-	-	-	-	-	-	-	21,364	-	-	21,364
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-	-
96700	Interest expense	-	-	-	-	-	-	-	10,625	-	-	10,625
96710	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-	-	-
	Total general expenses	174,005	-	174,005	-	81,612	246	-	184,107	61,800	-	501,770
96900	TOTAL OPERATING EXPENSES	2,364,522	-	2,364,522	-	3,436,703	351,179	49,662	2,670,832	2,749,067	(1,503,269)	10,118,696
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	416,520	1,168,409	1,584,929	-	39,034,829	3,745	1,161,319	(477,986)	(631,320)	-	40,675,516

BERGEN COUNTY HOUSING AUTHORITY												
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97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	38,914,704	-	1,147,690	-	-	-	40,062,394
97350	HAP Portability - in	-	-	-	-	235,985	-	-	-	-	-	235,985
97400	Depreciation expense	868,236	-	868,236	-	13,739	-	-	352,785	29,345	-	1,264,105
97500	Fraud losses	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-	-	-	-	-
90000	TOTAL EXPENSES	3,232,758	-	3,232,758	-	42,601,131	351,179	1,197,352	3,023,617	2,778,412	(1,503,269)	51,681,180
OTHER FINANCING SOURCES (USES)												
10010	Operating transfers in	-	-	-	-	-	-	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-	-	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	-	-	-	-	-	-
10091	Inter Project excess cash transfer in	-	-	-	-	-	-	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-	-	-	-	-	-	-
10093	Transfers between program and project in	-	-	-	-	-	-	-	343,395	-	(343,395)	-
10094	Transfers between program and project out	(343,395)	-	(343,395)	-	-	-	-	-	-	343,395	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	(343,395)	-	(343,395)	-	-	-	-	343,395	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(795,111)	1,168,409	373,298	-	(129,599)	3,745	13,629	(487,376)	(660,665)	-	(886,968)
MEMO ACCOUNT INFORMATION:												
11020	Required annual debt principal payments	-	-	-	-	-	-	-	-	-	-	-
11030	Beginning equity	10,869,854	-	10,869,854	-	(1,672,049)	94,768	22,074	2,928,152	(1,542,605)	-	10,700,194
11040	Prior period adjustments and equity transfers	(11,243,152)	-	(11,243,152)	-	-	-	-	11,243,152	-	-	-
11170	Administrative fee equity	-	-	-	-	(1,534,213)	-	-	-	-	-	(1,534,213)
11180	Housing assistance payments equity	-	-	-	-	(256,699)	-	-	-	-	-	(256,699)
11190	Unit months available	4,491	-	4,491	-	43,032	-	1,248	1,569	-	-	50,340
11210	Number of unit months leased	4,439	-	4,439	-	41,048	-	1,159	1,544	-	-	48,190
Equity Roll Forward Test:												
	Calculation from R/E Statement	\$ -	\$ -	\$ -	\$ -	\$ (1,801,648)	\$ 98,513	\$ 35,703	\$ 13,683,928	\$ (2,203,270)	\$ -	\$ 9,813,226
	B/S Line 513	\$ -	\$ -	\$ -	\$ -	\$ (1,801,648)	\$ 98,513	\$ 35,703	\$ 13,683,928	\$ (2,203,270)	\$ -	\$ 9,813,226
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -