

HOUSING AUTHORITY OF THE  
TOWN OF SECAUCUS  
Secaucus, New Jersey

COMPARATIVE FINANCIAL STATEMENTS  
For the Two Years Ended  
March 31, 2016 and 2015

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
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FOR THE TWO YEARS ENDED MARCH 31, 2016 AND 2015

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**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2016**

As management of the Housing Authority of the Town of Secaucus, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the fiscal year ended March 31, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities as of March 31, 2015 by \$6,516,760.
- As of the close of the current fiscal year, the Authority's Proprietary Funds reported an Unrestricted Net Position deficit of \$227,983, a decrease of \$1,445,018 from March 31, 2015.
- The Authority's cash and cash equivalents balance as of March 31, 2016 totaled \$1,719,516, representing a decrease of \$37,359 from March 31, 2015.
- The Authority had intergovernmental revenue of \$2,975,573 in HUD operating grants and \$538,826 in HUD Capital Grants and CDBG Grants for the year ended March 31, 2016.
- The Authority's capital outlays for the year totaled \$689,473. The change in Capital Assets is detailed in the section entitled Analysis of Capital Assets.

**USING THE ANNUAL REPORT**

**Financial Statements**

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

The Comparative Statements of Net Position present information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Comparative Statements of Revenue, Expenses and Changes in Net Position present information showing how the Authority's net position changed during the most recent two fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. depreciation and earned but unused vacation leave).

The Comparative Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the year. The statements classify cash receipts and cash payments as resulting from operating activities, capital and related financing activities and investing activities.

**Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found on pages 16 through 29 of this report.

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

March 31, 2016

**Supplemental Information**

The Schedule of Expenditures of Federal Awards (SEFA) is presented for purpose of additional analysis as required by Government Auditing Standards issued by the Comptroller General of the United States. The SEFA can be found on page 30 of this report. Additional supplemental information can be found on pages 31-39.

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)**

Total Net Position decreased \$1,134,067. This decrease is primarily due to the GASB 68 pension liability required adjustments recorded during the current fiscal year. The Authority's pension liability at March 31, 2016 is \$1,494,615.

Total cash including security deposits decreased \$37,359. Unrestricted cash decreased \$63,156 restricted cash increased \$21,075 and security deposits increased \$4,722.

Accounts Receivable Other Government increased \$71,286. This amount represents funds owed to the Authority from the Town of Secaucus for its CDBG grant. These funds were collected after March 31, 2016.

Capital Assets (net of accumulated depreciation) increased \$239,327 as capital asset additions of \$689,473 were offset by \$450,146 of depreciation expense.

Accrued Pension and OPEB Liabilities increased \$1,578,897 primarily due to the required GASB 68 pension liability adjustments. GASB 68 also resulted in the Authority recording \$255,658 of deferred outflows, \$72,227 of deferred inflows and a \$1,288,047 prior period adjustment during the current fiscal year. More information on GASB 68 can be found in Note 13.

The following table summarizes the changes in Net Position between March 31, 2016 and 2015 for the Authority as a whole:

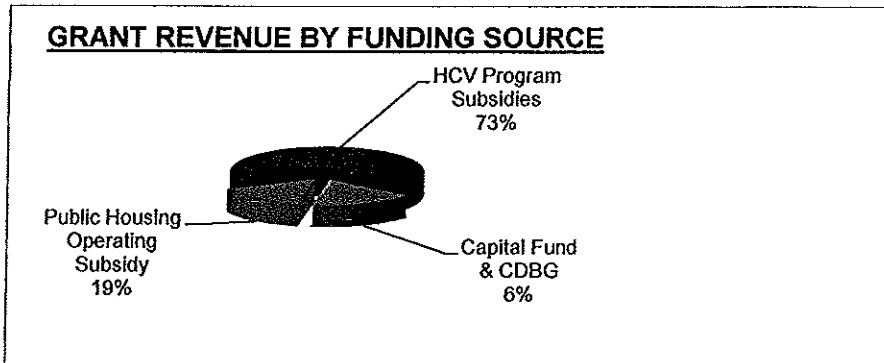
	<u>2016</u>	<u>2015</u>	<u>Variance</u>	<u>% Var</u>
Cash & Cash Equivalents	\$ 1,719,516	\$ 1,756,875	\$ (37,359)	-2.13%
Other Current Assets	147,806	124,986	22,820	18.26%
Capital Assets	7,660,588	7,421,261	239,327	3.22%
Deferred Outflow of Resources	255,658	-	255,658	100.00%
Total Assets	<u>9,783,568</u>	<u>9,303,122</u>	<u>480,446</u>	<u>5.16%</u>
Current Liabilities	370,022	354,776	15,246	4.30%
Long-term Debt	910,000	970,000	(60,000)	-6.19%
Noncurrent Liabilities	1,914,559	327,519	1,587,040	484.56%
Total Liabilities	<u>3,194,581</u>	<u>1,652,295</u>	<u>1,542,286</u>	<u>93.34%</u>
Deferred Inflow of Resources	72,227	-	72,227	100.00%
Net Investment in Capital Assets	6,690,588	6,391,261	299,327	4.68%
Restricted Net Position	54,155	32,531	21,624	66.47%
Unrestricted Net Position	(227,983)	1,227,035	(1,455,018)	-118.58%
Total Net Position	<u>\$ 6,516,760</u>	<u>\$ 7,650,827</u>	<u>\$ (1,134,067)</u>	<u>14.82%</u>

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
March 31, 2016**

Total operating revenue increased \$363,459 (9.06%), due primarily to the increase of \$307,233 (11.51%) in HUD operating grants. Housing Choice Voucher program operating grants increased \$305,808 due to HUD's proration of subsidies.

Total operating expenses increased \$116,065 (2.49%). Changes in the major expense categories are discussed below.

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



The following table summarizes the changes in Operating Income between fiscal years 2016 and 2015 for the Authority as a whole:

	<u>2016</u>	<u>2015</u>	<u>Variance</u>	<u>% Var</u>
Rental Revenue	\$ 1,281,470	\$ 1,247,491	\$ 33,979	2.72%
HUD Operating Grants	2,975,573	2,668,340	307,233	11.51%
Other	119,702	97,455	22,247	22.83%
<b>Total Operating Revenue</b>	<u>4,376,745</u>	<u>4,013,286</u>	<u>363,459</u>	<u>9.06%</u>
<b>Operating Expenses:</b>				
Administrative	743,856	654,777	89,079	13.60%
Tenant Services	58,152	63,559	(5,407)	-8.51%
Utilities	411,767	447,347	(35,580)	-7.95%
Maintenance	681,640	679,925	1,715	0.25%
General Expenses	241,423	257,322	(15,899)	-6.18%
Housing Assistance Payments	2,181,728	1,983,988	197,740	9.97%
Depreciation	450,146	565,729	(115,583)	-20.43%
<b>Total Operating Expenses</b>	<u>4,768,712</u>	<u>4,652,647</u>	<u>116,065</u>	<u>2.49%</u>
<b>Operating Income/(Loss)</b>	<u>(391,967)</u>	<u>(639,361)</u>	<u>247,394</u>	<u>-38.69%</u>
<b>Non-operating Revenue (Expenses):</b>				
Interest and Other	7,121	7,113	8	0.11%
<b>Income Before Capital Grants</b>	<u>(384,846)</u>	<u>(632,248)</u>	<u>247,402</u>	<u>-39.13%</u>
HUD Capital Grants	538,826	176,093	362,733	205.99%
<b>Net Income/(Loss)</b>	<u>153,980</u>	<u>(456,155)</u>	<u>610,135</u>	<u>-133.76%</u>
Beginning Net Position	7,650,827	8,106,982	(456,155)	-5.63%
Prior Period Adjustment	(1,288,047)	-	(1,288,047)	-100.00%
<b>Ending Net Position</b>	<u>\$ 6,516,760</u>	<u>\$ 7,650,827</u>	<u>\$ 153,980</u>	<u>2.01%</u>

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
March 31, 2016**

Tenant rental revenue increased by \$33,979 (2.72%). This increase is consistent with the increase in social security benefits, which is the major source of income for the majority of the Authority's tenants. Vacancies slightly increased; 36 unit months were vacant in 2016 versus 25 unit months in 2015. Management continues its aggressive approach in recovering rental income due to under-reporting of income by tenants.

HUD operating grants increased \$307,233 (11.51%) primarily because HCV subsidy increased \$305,808.

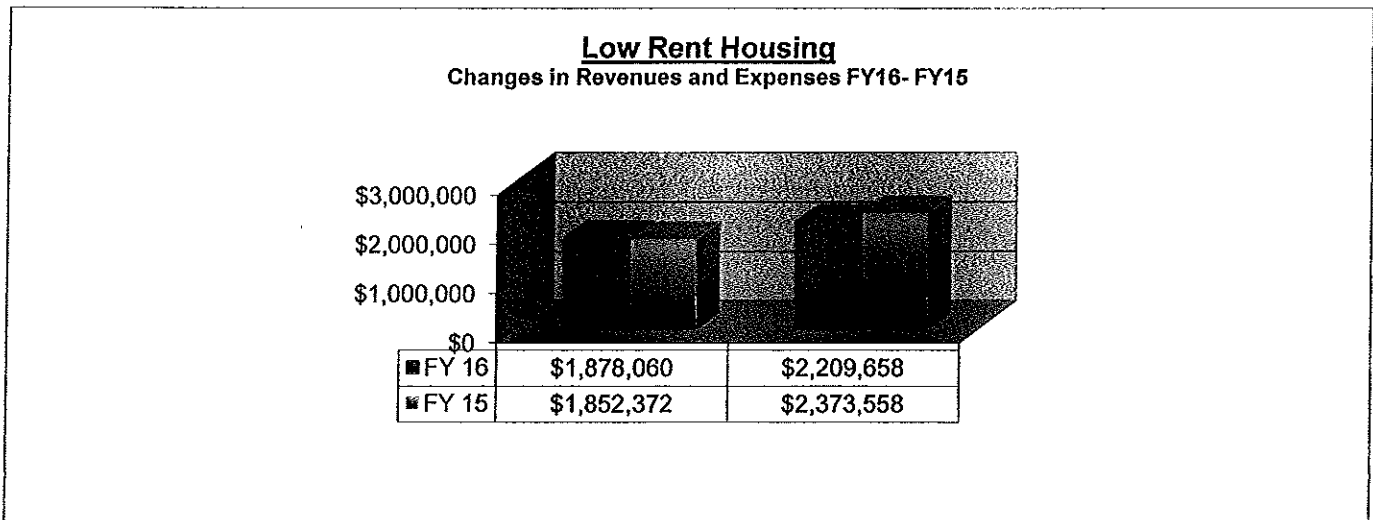
Other Revenues consist primarily of receipts for portability housing assistance payments and charges to tenants for maintenance and other miscellaneous services. Other revenue increased by \$22,247.

Administrative expenses increased \$89,079 (13.60%) primarily because employee benefits increased \$64,367 due to the Authority's increase in pension and OPEB liabilities.

Housing Assistance Payments (HAP) expense increased \$197,740 (9.97%) as HCV unit months leased increased to 2,647 in 2016 from 2,471 in 2015. The average HAP payment increased to \$824 in 2016 from \$802 in 2015.

Depreciation expense decreased \$115,583 (20.43%) as many fixed assets were fully depreciated in the prior fiscal year.

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



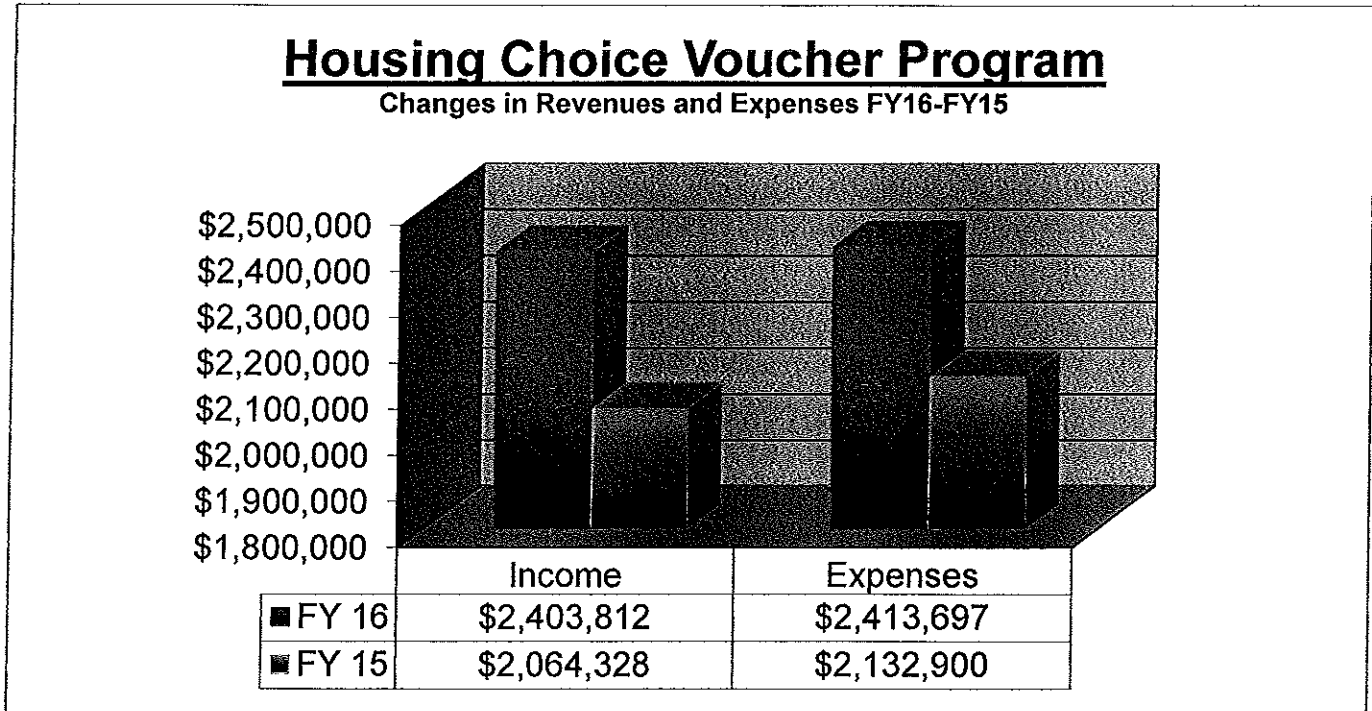
Note: Expense amounts include depreciation expense and exclude Capital fund revenue and expenses.

FYE 2016 LIPH operating revenue decreased by 1.39% compared to FYE 2015.

FYE 2016 LIPH operating expenses decreased by 6.91% compared to FYE 2015.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
March 31, 2016**

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



HCV revenues increased \$339,484 primarily because HAP subsidy increased \$286,986 and Administrative Fee subsidy increased \$18,822.

Total HCV expenses increased \$280,797. As previously noted, Housing Assistance Payments (HAP) increased \$197,740 (9.97%) as HCV unit months leased increased to 2,647 in 2016 from 2471 in 2015. The average HAP payment increased to \$824 in 2016 from \$802 in 2015. In addition, HCV administrative expenses increased \$64,439 due to higher salaries and employee benefits costs.

Management continues to monitor payment standards to provide budgetary control within the Housing Choice Voucher program.

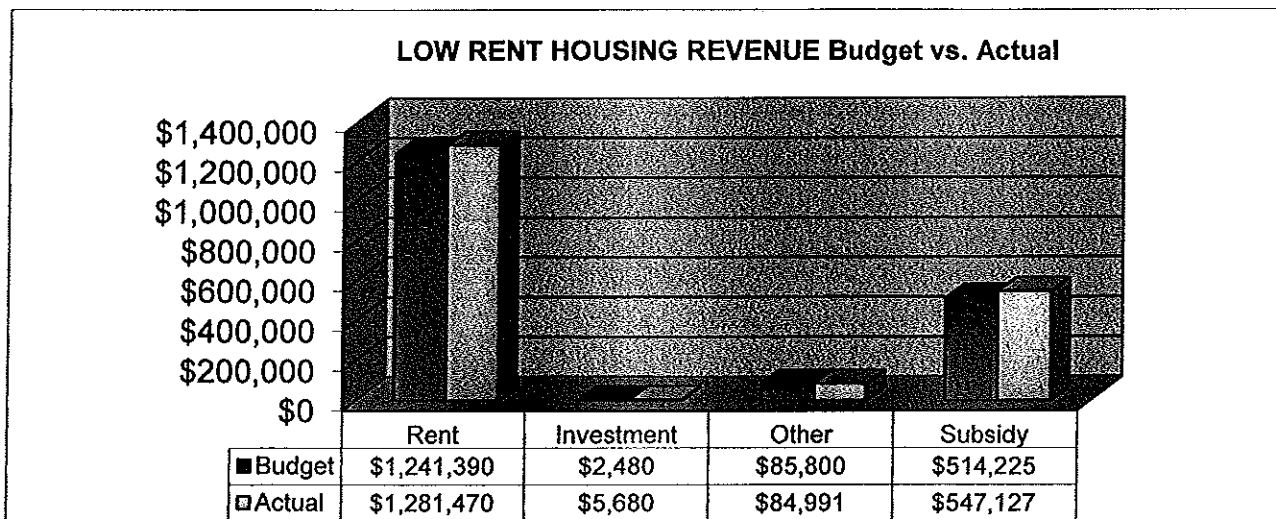
**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
March 31, 2016**

**BUDGETS**

The Authority adopts a consolidated annual operating budget for all programs which is approved and adopted by its Board of Commissioners. The budgets were used primarily as a management tool and have no legal stature. Also, the Authority adopted a comprehensive annual budget for the Public Housing Program. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

**Comparison Budget vs. Actual - Low Income Public Housing**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var.</u>
Tenant Revenue	\$ 1,241,390	\$ 1,281,470	\$ 40,080	3.23%
Investment Income	2,480	5,680	3,200	129.03%
Other Revenue	85,800	84,991	(809)	-0.94%
<b>Total Operating Revenue</b>	<u>1,329,670</u>	<u>1,372,141</u>	<u>42,471</u>	<u>3.19%</u>
<b>Operating Expenses:</b>				
Administrative	503,130	799,236	296,106	58.85%
Tenant Services	65,730	58,152	(7,578)	-11.53%
Utilities	457,450	411,767	(45,683)	-9.99%
Maintenance	813,790	669,490	(144,300)	-17.73%
General Expense	154,390	165,944	11,554	7.48%
<b>Total Operating Expenses</b>	<u>1,994,490</u>	<u>2,104,589</u>	<u>110,099</u>	<u>5.52%</u>
<b>Residual Receipts/(Deficit)</b>	<u>(664,820)</u>	<u>(732,448)</u>	<u>(67,628)</u>	<u>10.17%</u>
<b>Operating Subsidy</b>	514,225	547,127	32,902	6.40%
<b>Residual Receipts/(Deficit)</b>	<u>\$ (150,595)</u>	<u>\$ (185,321)</u>	<u>\$ (34,726)</u>	<u>23.06%</u>



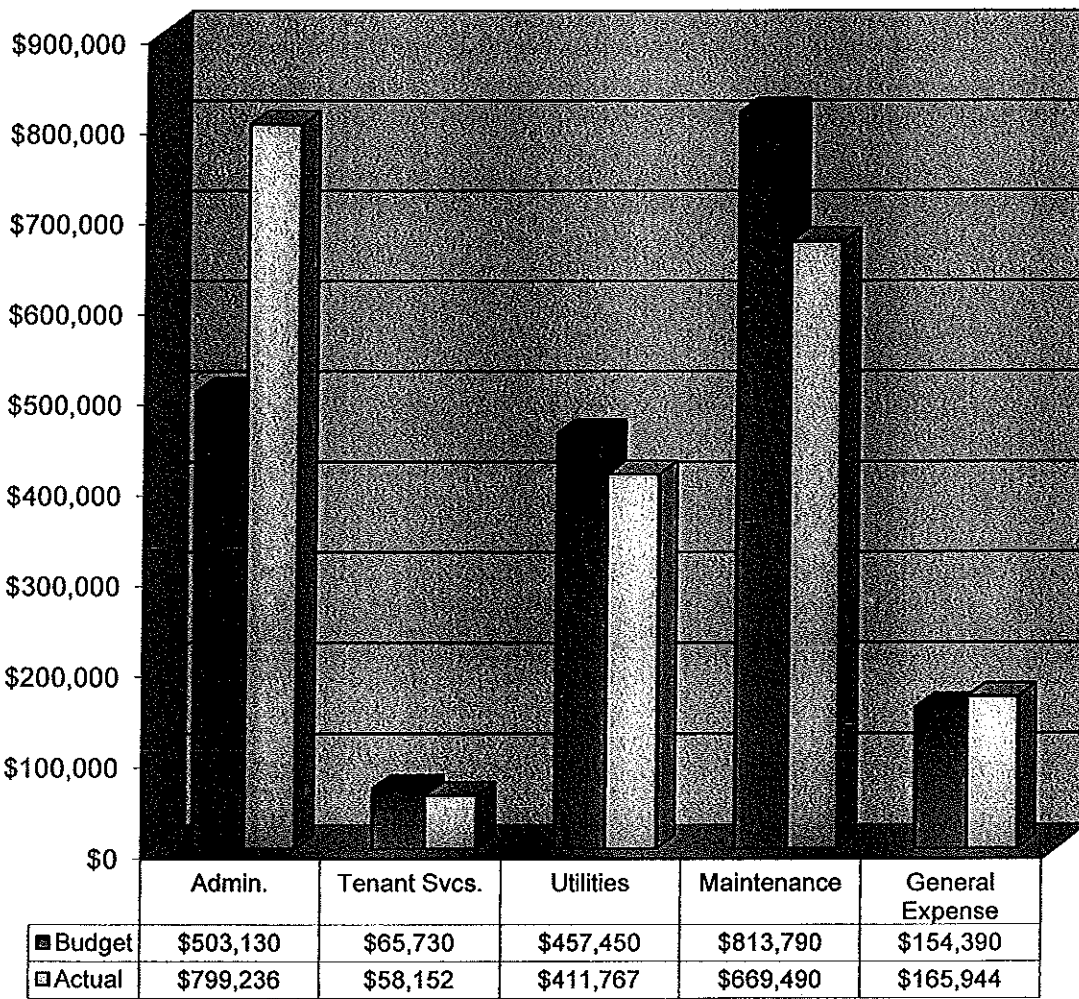
The table above illustrates the differences between amounts budgeted and actual revenue.

Tenant revenue exceeded budgeted by \$40,080 while HUD operating subsidies were \$32,902 in excess of budget.

As previously noted, tenant revenues increased due to normal increases in tenant income.



## LOW RENT HOUSING EXPENDITURES Budget vs. Actual Expenditures



The table above illustrates the differences between the LIPH budgeted and actual expenses.

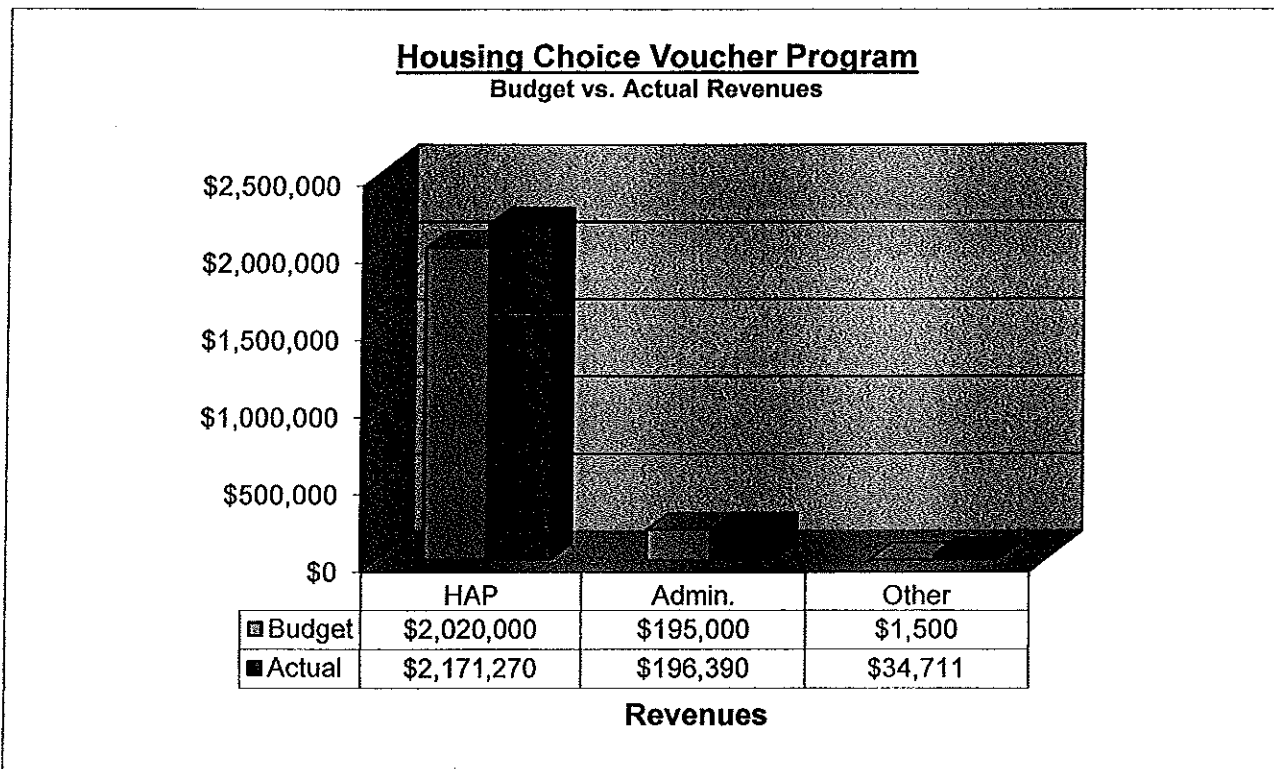
Actual administrative costs exceeded budget by \$296,106 because of the actual expenses related to the GASB 68 Pension liability and the OPEB liability. These expenses are not included in the Authority's operating budget.

Actual maintenance costs were \$144,300 lower than budget as the Authority used its Capital Fund Program and CDBG grant to fund a large part of its capital improvements. As a result, the Authority had lower maintenance costs as the larger expenditures were additions to fixed assets.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
March 31, 2016**

**Comparison Budget vs. Actual - Housing Choice Voucher Program**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>% Var.</u>
Housing Assistance Payments	\$ 2,020,000	\$ 2,171,270	\$ 151,270	7.49%
Administrative Fees	195,000	196,390	1,390	0.71%
Interest	1,000	1,441	441	44.10%
Other	1,500	34,711	33,211	2214.07%
<b>Total Revenue</b>	<u>2,217,500</u>	<u>2,403,812</u>	<u>186,312</u>	<u>8.40%</u>
<b>Operating Expenditures:</b>				
Housing Assistance Payments	2,040,000	2,181,728	141,728	-6.95%
Audit Costs	6,250	6,250	-	0.00%
Ongoing Administrative	180,000	188,876	8,876	-4.93%
Other General Expense	16,150	36,843	20,693	-128.13%
<b>Total Expenses</b>	<u>2,242,400</u>	<u>2,413,697</u>	<u>171,297</u>	<u>-7.64%</u>
<b>Excess / (Deficiency)</b>	<u>\$ (24,900)</u>	<u>\$ (9,885)</u>	<u>\$ 15,015</u>	<u>60.30%</u>



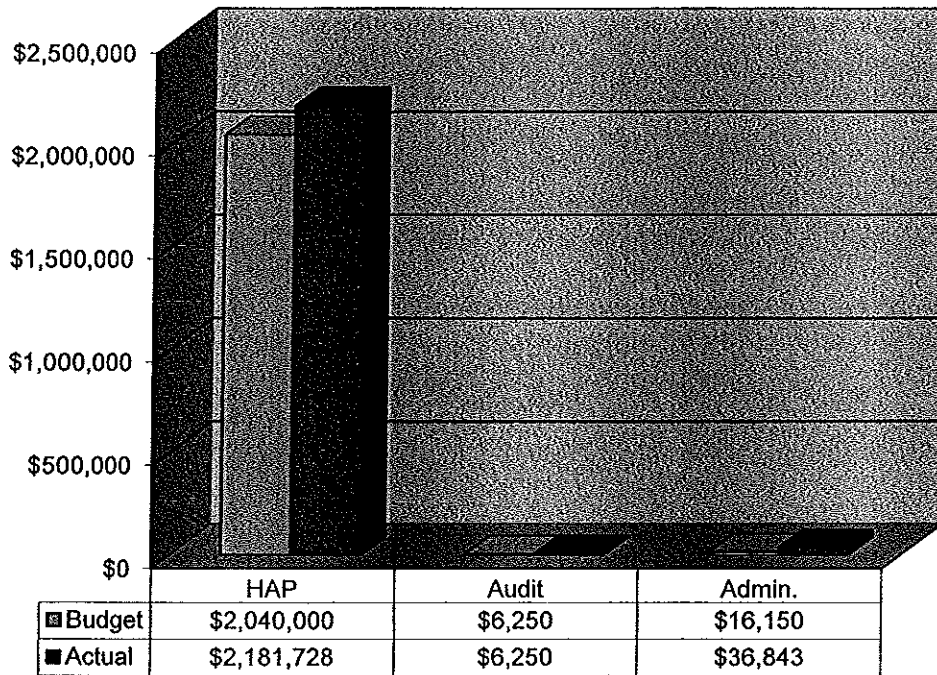
The table above illustrates the differences between budgeted and actual amounts for the Housing Choice Voucher Program.

Housing Assistance Payment (HAP) subsidies were \$151,270 better than budget while HAP expenses were \$141,728 worse than budget.

Total HCV Reserves decreased \$229,754. HAP Reserves increased \$21,624 while Admin Fee Reserves decreased \$251,378 primarily because of the GASB 68 pension liability. HAP Reserves represent unspent subsidies that can only be expended to provide Housing Assistance Payments to eligible families per HUD regulations.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
March 31, 2016**

**Housing Choice Voucher  
Budget vs. Actual Expenses**



**Expenses**

Housing Assistance Payment (HAP) subsidies were \$151,270 better than budget while HAP expenses were \$141,728 worse than budget, as previously noted.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
March 31, 2016**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:*

The following table summarizes the changes in capital assets between March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Variance</u>	<u>% Var</u>
Land	\$ 620,838	\$ 620,838	\$ -	0.00%
Buildings & Improvements	21,640,784	21,048,543	592,241	2.81%
Equipment & Furniture	1,680,014	2,004,880	(324,866)	-16.20%
Construction in Progress	762,547	340,449	422,098	0.00%
Total	<u>24,704,183</u>	<u>24,014,710</u>	<u>689,473</u>	<u>2.87%</u>
Accumulated Depreciation	<u>(17,043,595)</u>	<u>(16,593,449)</u>	<u>(450,146)</u>	<u>2.71%</u>
Net Capital Assets	<u>\$ 7,660,588</u>	<u>\$ 7,421,261</u>	<u>239,327</u>	<u>3.22%</u>

As previously noted, the increase in capital assets is due primarily to the expenditure of capital fund and CDBG grants to fund major improvements to the Authority's developments.

*Debt:*

During 2007, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, secured by the future capital fund grants of participating housing authorities. The Authority's share of the funds from the bond pool amounted to \$1,360,000. The related closing costs of \$49,574 were written-off during the current fiscal to conform to a change in accounting promulgated by the Government Accounting Standards Board (GASB). The net funds received from the leveraging pool are restricted and must be spent in accordance with the Authority's Capital Fund budget within four years. \$970,000 of the bonds are outstanding at March 31, 2016, \$60,000 of which is due within one year.

As of March 31, 2016 the Authority had \$95,732 in non-current accrued compensated absences.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

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



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

2035 HAMBURG TURNPIKE, UNIT H  
WAYNE, NEW JERSEY 07470  
TELEPHONE: (973) 831-6969  
FAX: (973) 831-6972  
E-MAIL: POLCARICO@OPTONLINE.NET

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

**Report on the Financial Statements**

We have audited the accompanying Statements of Net Position of the Housing Authority of the Town of Secaucus, herein referred to as the Authority, as of March 31, 2016 and 2015 and the related Statements of Revenue, Expenses and Changes in Net Position and Cash Flows for the years then and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Secaucus, as of March 31, 2016 and 2015, and the changes in net position, and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, in 2016, the Housing Authority of the Town of Secaucus adopted new accounting guidance, GASB Statement No. 68 Accounting for Pensions. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-10 and the Supplemental Schedules pertaining to the Public Employees Retirement System presented on pages 38-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The financial data schedule and the schedule of expenditures of federal awards for the year ended March 31, 2016 are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards* we have also issued our report dated October 14, 2016 on our consideration of the Housing Authority of the Town of Secaucus's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
October 14, 2016

**POLCARI & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
Secaucus, New Jersey  
COMPARATIVE STATEMENTS OF NET POSITION  
At March 31, 2016 and 2015

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
<u>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 1,547,649	\$ 1,610,805
Cash and Cash Equivalents - Restricted	54,247	33,172
Cash - Tenant Security Deposits	117,620	112,898
Total Cash	1,719,516	1,756,875
Accounts Receivable - HUD	6,000	15,181
Accounts Receivable - Other Government	71,286	-
Prepaid Expenses and Other Current Assets	70,520	109,805
Total Current Assets	1,867,322	1,881,861
<u>FIXED ASSETS</u>		
Land	620,838	620,838
Buildings and Improvements	21,640,784	21,048,543
Furniture, Equipment and Machinery	1,680,014	2,004,880
Construction in Progress	762,547	340,449
Total Fixed Assets	24,704,183	24,014,710
Less: Accumulated Depreciation	(17,043,595)	(16,593,449)
Net Fixed Assets	7,660,588	7,421,261
Deferred Outflow of Resources	255,658	-
Total Assets and Deferred Outflow of Resources	\$ 9,783,568	\$ 9,303,122
<u>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 37,979	\$ 34,288
Accrued Payroll and Related Taxes	1,314	12,162
Security Deposits	117,620	112,898
Accounts Payable - HUD	733	641
Deferred Revenue	7,235	1,061
Current Portion of Long-Term Debt	60,000	60,000
Accrued Liabilities:		
Compensated Absences - Current Portion	10,638	9,710
Accrued Interest Payable	19,763	20,813
Other Accrued Liabilities	27,770	22,625
Payment in Lieu of Taxes	86,970	80,578
Total Current Liabilities	370,022	354,776
Long-Term Debt, Net of Current Portion	910,000	970,000
Accrued Compensated Absences - Noncurrent	95,732	87,389
Accrued Pension and OPEB Liabilities	1,818,827	240,130
Total Liabilities	3,194,581	1,652,295
Deferred Inflow of Resources	72,227	-
<u>NET POSITION</u>		
Net Investment in Capital Assets	6,690,588	6,391,261
Restricted	54,155	32,531
Unrestricted	(227,983)	1,227,035
Total Net Position	\$ 6,516,760	\$ 7,650,827

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
Secaucus, New Jersey  
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
For the Years Ended March 31, 2016 and 2015

	For the Year Ended	
	March 31, 2016	March 31, 2015
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 1,281,470	\$ 1,247,491
HUD Grants - Operating	2,975,573	2,668,340
Other	119,702	97,455
Total Operating Revenues	4,376,745	4,013,286
<u>OPERATING EXPENSES</u>		
Administration	743,856	654,777
Housing Assistance Payments	2,181,728	1,983,988
Tenant Services	58,152	63,559
Utilities	411,767	447,347
Ordinary Maintenance & Operations	681,640	679,925
General Expense	241,423	257,322
Depreciation and Amortization Expense	450,146	565,729
Total Operating Expenses	4,768,712	4,652,647
EXCESS OF OPERATING REVENUE OVER EXPENSES	(391,967)	(639,361)
Non Operating Revenues/(Expenses):		
Interest Income	7,121	7,113
Income/(Loss) Before Contributions and Transfers	(384,846)	(632,248)
Capital Grants	538,826	176,093
Increase/(Decrease) in Net Position	153,980	(456,155)
Beginning Net Position	7,650,827	8,106,982
Prior Period Adjustment	(1,288,047)	-
Ending Net Position	\$ 6,516,760	\$ 7,650,827

See Notes to Financial Statements.



HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
Secaucus, New Jersey  
COMPARATIVE STATEMENTS OF CASH FLOWS  
For the Years Ended March 31, 2016 and 2015

	For the Year Ended	
	March 31, 2016	March 31, 2015
<b><u>CASH FLOWS FORM OPERATING ACTIVITIES</u></b>		
Cash Received:		
From Tenants for Rental & Other Revenue	\$ 1,287,644	\$ 1,247,202
From Government Agencies for Operating Grants	2,984,846	2,723,578
From Other Operating Revenues	119,702	100,788
Cash Paid:		
To Employees for Operations	(429,901)	(623,308)
To Suppliers for Operations	(1,614,396)	(1,464,887)
To Landlords For Housing Assistance	(2,181,728)	(1,983,988)
Net Cash Provided by Operating Activities	166,167	(615)
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Capital Grants Received	538,826	176,093
Acquisition of Property and Equipment	(689,473)	(233,523)
Repayments of Long-term Debt	(60,000)	(55,000)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(210,647)	(112,430)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Investment Income	7,121	7,113
Net Cash Provided by Investing Activities	7,121	7,113
Net Increase/(Decrease) in Cash and Cash Equivalents	(37,359)	(105,932)
Cash and Equivalents at Beginning of Period	1,756,875	1,862,807
Cash and Equivalents at End of Period	\$ 1,719,516	\$ 1,756,875
Reconciliation of Operating Loss to Net Cash Used by Operations		
Operating Loss	\$ (391,967)	\$ (639,361)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	450,146	565,729
Deferred Outflow of Resources	(255,658)	-
Deferred Inflow of Resources	72,227	-
Decrease/(Increase) in Assets		
Accounts Receivable - HUD	9,181	54,597
Accounts Receivable - Misc.	(71,286)	3,333
Prepaid Expenses and Other Current Assets	39,285	(50,788)
Increase/(Decrease) in Liabilities		
Accounts Payable	3,691	11,793
Accrued Payroll and Related Taxes	(10,848)	(7,706)
Security Deposits	4,722	(1,710)
Compensated Absences	9,271	2,253
Accounts Payable - HUD	92	641
Deferred Revenue	6,174	(289)
Interest Payable	(1,050)	(951)
PILOT Payable	6,392	7,903
Other Accrued Liabilities	5,145	(30,079)
Accrued Pension and OPEB Liabilities	290,650	84,020
Net Cash Used by Operating Activities	\$ 166,167	\$ (615)

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

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

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

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

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

2. **Significant Accounting Policies**

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

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

Federal Grant Revenue – Operating subsidies, Section Eight housing assistance grants and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule or as expenditures are made under the Capital Fund Program or Comprehensive Improvements Assistance Program. Under the Section Eight Program.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

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

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

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

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

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

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

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

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

The adoption of GASB Statement no. 63 had no significant effect on the basic financial statements, except for the classification of net position.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

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

Significant accounting policies are as follows:

- 1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.
- 6 – Operating subsidies received from HUD are recorded as income when earned.
- 7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.
- 10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.
- 11 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.
- 12 – The Authority does not have any infrastructure assets for its Proprietary Fund.
- 13 – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

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

14 – Long-lived assets to be held and used are tested for recoverability whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2016 the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

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

**c. New Accounting Pronouncements** - During the current fiscal year, the Authority was required to adopt GASB Statement 68, *Accounting and Financial Reporting for Pensions* which requires employers to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. Additional information regarding the adoption of GASB 68 can be found in Note 13 to these financial statements.

**NOTE 2 – Cash and Cash Equivalents**

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the institution's name. Cash and Cash Equivalents (including tenant security deposits) of \$1,719,516 and \$1,756,875 at March 31, 2016 and 2015 respectively, consisted of the following:

	<u>2016</u>		<u>2015</u>
Checking Accounts	\$1,601,796	\$	1,643,877
Tenant Security Deposits	117,620		112,898
Petty Cash	100		100
	<u>\$1,719,516</u>	<u>\$</u>	<u>1,756,875</u>

The carrying amount of the Authority's cash and cash equivalents on deposit at banks as of March 31, 2016 was \$1,719,516 and the bank balances were \$1,751,264. Of the bank balances, \$463,532 was covered by FDIC insurance and \$1,287,732 was covered by a collateral pool maintained by the banks as required by New Jersey statutes. Cash equivalents, except petty cash are held in the Authority's name.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

**NOTE 3 – Deferred Revenue**

The Authority's \$7,235 of deferred revenue at March 31, 2016 consists of \$6,767 of deferred operating subsidy and \$468 of tenant prepaid rent. Deferred revenue of \$1,061 at March 31, 2015 was tenant prepaid rent.

**NOTE 4 - Fixed Assets**

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the changes in general fixed assets for the fiscal year ended March 31, 2016 and 2015

	Apr. 1, 2015	Additions	Disposals	Transfers/Other	Mar. 31, 2016
Land	\$ 620,838	\$ -	\$ -	\$ -	\$ 620,838
Buildings and Improvements	21,048,543	157,416	-	434,825	21,640,784
Dwelling Equipment	644,083	-	-	(50,000)	594,083
Furniture and Equipment	1,360,797	-	-	(274,866)	1,085,931
Construction in Progress	340,449	532,057	-	(109,959)	762,547
Total Fixed Assets	24,014,710	689,473	-	-	24,704,183
Accumulated Depreciation	(16,593,449)	(450,146)	-	-	(17,043,595)
Net Fixed Assets	\$ 7,421,261	\$ 239,327	\$ -	\$ -	\$ 7,660,588

	Apr. 1, 2014	Additions	Disposals	Transfers/Other	Mar. 31, 2015
Land	\$ 620,838	\$ -	\$ -	\$ -	\$ 620,838
Buildings and Improvements	20,975,845	72,698	-	-	21,048,543
Dwelling Equipment	637,351	6,732	-	-	644,083
Furniture and Equipment	1,327,798	32,999	-	-	1,360,797
Construction in Progress	219,356	121,093	-	-	340,449
Total Fixed Assets	23,781,188	233,522	-	-	24,014,710
Accumulated Depreciation	(16,027,720)	(565,729)	-	-	(16,593,449)
Net Fixed Assets	\$ 7,753,468	\$ (332,207)	\$ -	\$ -	\$ 7,421,261

Depreciation expense for the fiscal years ended March 31, 2016 and 2015 amounted to \$450,146 and \$565,729, respectively.

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

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

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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

**NOTE 5 – Payment in Lieu of Taxes (PILOT)**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town. Under the Cooperation Agreement, the Authority must pay the Town the lower of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2016 and 2015, PILOT expense was accrued in the amount of \$86,970 and \$80,578, respectively.

**NOTE 6 – Accrued Compensated Absences**

Accrued compensated absences of \$106,370 and \$97,099 at March 31, 2016 and 2015, respectively, represent amounts of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may carry over up to two weeks of vacation each year; any such vacation not taken in the second year shall be lost. Employees may be compensated for accrued vacation leave earned in the current year only in the event of retirement or termination of service. Employees may be compensated for sick leave at retirement at the rate of one day for every two days accumulated, payable at the salary rate earned at the time of separation.

**NOTE 7 – Risk Management**

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the years ended March 31, 2016 and 2015, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

**NOTE 8 – Construction Commitments**

At March 31, 2016 and 2015, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

**NOTE 9 – Economic Dependency**

For the years ended March 31, 2016 and 2015, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

**NOTE 10 – Restricted Net Position**

Restricted Net Position at March 31, 2016 and 2015 consists of the following two components:

	<u>2016</u>	<u>2015</u>
Proceeds from Borrowings to be used only for budgeted Capital Fund Programs	\$21,944	\$21,944
Housing Assistance Payment Equity	<u>32,211</u>	<u>10,587</u>
	<u>\$54,155</u>	<u>\$32,531</u>

**Capital Fund Program Restricted Net Position**

As detailed in Note 11, the Authority borrowed \$1,360,000 during the fiscal year ended March 31, 2008 under its capital fund leveraging program. The proceeds of these borrowings are restricted for use and may only be expended on projects included in the Authority's capital fund budget. The balance of unexpended funds borrowed totaled \$21,944 at March 31, 2016 and 2015, respectively. This amount is included in restricted net position. Also, under the capital fund leveraging program (a cost reimbursement grant) revenue and accounts receivable were recorded as funds were expended and reimbursable by future capital grant funding. Grants received for payment of debt incurred under its capital fund leveraging program are recorded as revenue in the year in which the grant is approved and paid.

**Housing Assistance Payment Equity**

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

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

In accordance with HUD requirements, the Authority's restricted and unrestricted fund balance consists of the following components as of March 31, 2016 and 2015:



HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

**NOTE 10 – Restricted Net Position (continued)**

**Housing Assistance Payment Equity (continued)**

Administrative Fee Equity - included in Unrestricted Net Position			
Administrative Fee Reserves at March 31, 2015	\$ 157,050		
Net Administrative Fee Reserves Expended	(253,958)		
Interest income on Administrative Fee Reserves	1,441		
Fraud Recoveries	<u>1,139</u>	\$	(94,328)
Housing Assistance Payment Reserves - included in Restricted Net Position			
Housing Assistance Payment Reserves at March 31, 2015	10,587		
Unexpended HAP Subsidy	20,485		
Fraud Recoveries	<u>1,139</u>	<u>32,211</u>	
Total HCV Program Net Position at March 31, 2016		\$	<u>(62,117)</u>

Administrative Fee Equity - included in Unrestricted Net Position			
Administrative Fee Reserves at March 31, 2014	\$ 126,780		
Net Administrative Fee Reserves Expended	28,656		
Interest income on Administrative Fee Reserves	752		
Fraud Recoveries	<u>862</u>	\$	157,050

Housing Assistance Payment Reserves - included in Restricted Net Position			
Housing Assistance Payment Reserves at March 31, 2014	109,429		
Unexpended HAP Subsidy	(99,704)		
Fraud Recoveries	<u>862</u>	<u>10,587</u>	
Total HCV Program Net Position at March 31, 2015		\$	<u>167,637</u>

**NOTE 11 – Notes Payable**

During the fiscal year ending March 31, 2008, the authority has entered into a capital fund leveraging pool. The New Jersey Housing and Mortgage finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2007 Series A. On August 2, 2007, the Authority's share of the funds from the bond issued pool amounted to \$1,360,000 which bears a variable interest rate between four and five percent. The related closing costs of \$49,575 were amortized prior to the current fiscal year. The net funds received from the leveraging pool of \$1,834,390 are restricted and must be spent in accordance with the Authority's Capital Fund Leveraging budget. For the fiscal years ended March 31, 2016 and 2015, the Authority earned restricted interest of \$0. Repayment of the funds leveraged shall be budgeted from Capital Fund Allocations received by the Authority from the Department of Housing and Urban Development. The following is a schedule of the required principal payments for the next five years and thereafter:

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

**NOTE 11 – Notes Payable (Continued)**

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 60,000	\$ 46,526	\$ 106,526
2017	65,000	43,713	108,713
2018	65,000	40,625	105,625
2019	70,000	37,250	107,250
2020	75,000	33,625	108,625
Thereafter	<u>635,000</u>	<u>117,375</u>	<u>752,375</u>
Total	<u>\$ 970,000</u>	<u>\$ 319,114</u>	<u>\$ 1,289,114</u>

The Authority's long-term liabilities at March 31, 2016 consisted of the following:

	<u>April 1, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Withdrawals</u>	<u>Forfeitures</u>	<u>March 31, 2016</u>
OFFP Loan	\$ 1,030,000	\$ -	\$ (60,000)	\$ -	\$ -	\$ 970,000
Compensated Absences	97,099	9,271	-	-	-	106,370
OPEB Liability	240,130	84,082	-	-	-	324,212
Pension Liability	-	1,494,615	-	-	-	1,494,615
	<u>\$ 1,367,229</u>	<u>\$ 1,587,968</u>	<u>\$ (60,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,895,197</u>
Less Current Portion of OFFP Loan						(60,000)
Less Current Portion of Compensated Absences						(10,638)
Total Non Current Portion						<u>\$ 2,824,559</u>

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

**ANNUAL OPEB COST AND NET OPEB OBLIGATION**

The Authority's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of employer ("ARC"), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

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

Annual Required Contribution	\$110,917
Interest on net OPEB obligation	\$12,007
Adjustment to annual required contribution	\$43,529
Annual OPEB cost (expense)	\$165,733
Contributions made	\$(81,651)
Increase in net OPEB obligation	\$84,082
Net OPEB Obligation – beginning of year	\$240,130
Net OPEB Obligation – end of year	\$324,212

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

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

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2016 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$151,221	0.00	\$156,110
6/30/2015	\$158,348	0.00	\$240,130
6/30/2015	\$165,733	0.00	\$324,212

**FUNDED STATUS AND FUNDING PROGRESS**

As of March 31, 2016, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$1,974,290, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAL) of \$2,153,215. The covered payroll (annual payroll of active employees covered by the plan) was \$616,619 and the ratio of the UAL to covered payroll was not computed since benefit and retiree rates were not based on payroll.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**NOTE 13 – Pension Plan**

**General Information about the Pension Plan**

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

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

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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

**NOTE 13 – Pension Plan (Continued)**

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by state of New Jersey legislation. PERS provided for employee contributions of 6.5% of employees' annual compensation, as defined. The employee rate was increased from 6.5% to 7.0% of base salary effective July 1, 2012 plus an additional 1% phased in over 7 years beginning in fiscal year 2013. The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The actuarially determined contribution includes funding for cost of living adjustments and a noncontributory death benefit. The employer contribution rate was 6.78% - 6.92% and 6.64% - 6.78% in fiscal years 2015 and 2014, respectively. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

Pension Liability - At June 30, 2015 and June 30, 2014, the Authority reported \$1,494,615 and \$1,303,392, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of June 30, 2015 and June 30, 2014 were 0.00666% and 0.00696%, respectively. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

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

Total Pension Liability	\$ 2,870,289
Less: Plan Fiduciary Net Position	<u>(1,375,674)</u>
Net Pension Liability	<u>\$ 1,494,615</u>

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

**NOTE 13 – Pension Plan (Continued)**

Actuarial Assumptions - The Authority's net pension liability for the fiscal year ended December 31, 2015 was determined at a measurement date of June 30, 2015. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial evaluation as of July 1, 2014, which was rolled forward to June 30, 2015. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary increases	
2012-2021	2.15% - 4.40% based on age
Thereafter	3.15% - 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actuarial experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact will be on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer after consultation with the Director of the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2015 are summarized in the following table:

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

**NOTE 13 – Pension Plan (Continued)**

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	3.02%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	0.01%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority as of June 30, 2015 and June 30, 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease (3.90%)	Current Discount Rate (4.90%)	At 1% Increase (5.90%)
2015	\$ 1,857,624	\$ 1,494,615	\$ 1,190,271
2014	\$ 1,639,712	\$ 1,303,392	\$ 1,020,969

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

**NOTE 13 – Pension Plan (Continued)**

For the year ended June 30, 2015, the Authority recognized pension expense of \$203,549. At June 30, 2015 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes of assumptions	\$ 160,510	\$ -
Differences between expected and actual experience	35,656	24,031
Net differences between projected and actual earnings on plan investments	-	-
Changes in proportion	59,492	48,196
Authority's contributions subsequent to measurement date	-	-
TOTAL	<u>\$ 255,658</u>	<u>\$ 72,227</u>

\$59,492 reported as deferred outflows and \$48,196 reported as deferred inflows related to changes in the housing authority's proportion will be recognized (amortized) over the average of the expected remaining service lives of all plan members, which is 5.72 and 6.44 years for the 2014 and 2015 amounts, respectively. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 28,969
2017	28,969
2018	28,969
2019	46,137
2020	<u>26,081</u>
Total	<u>\$ 159,124</u>

**Note 14 – Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through October 14, 2016, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 Secaucus, New Jersey  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended March 31, 2016

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
<u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA #14.850)	\$ -	\$ 547,127	\$ 547,127	\$ -
Capital Fund Program (CFDA #14.872)	-	408,086	\$ 408,086	-
Community Development Block Grant (CFDA # 14.218)	-	191,526	191,526	-
Housing Choice Voucher Program (CFDA #14.871)	-	2,367,660	2,367,660	-
Total Federal Financial Assistance	<u>\$ -</u>	<u>\$ 3,514,399</u>	<u>\$ 3,514,399</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with Generally Accepted Accounting Principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.
2. There were no sub-recipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.



**Secaucus Housing Authority (NJ083)  
SECAUCUS, NJ**

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,049,855	\$163,126		\$334,668	\$1,547,649		\$1,547,649
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted	\$21,944	\$32,211			\$54,155		\$54,155
114 Cash - Tenant Security Deposits	\$117,620				\$117,620		\$117,620
115 Cash - Restricted for Payment of Current Liabilities		\$92			\$92		\$92
100 Total Cash	\$1,189,419	\$195,429	\$0	\$334,668	\$1,719,516	\$0	\$1,719,516
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	\$6,000				\$6,000		\$6,000
124 Accounts Receivable - Other Government			\$71,286		\$71,286		\$71,286
125 Accounts Receivable - Miscellaneous							
126 Accounts Receivable - Tenants							
126.1 Allowance for Doubtful Accounts - Tenants							
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$6,000	\$0	\$71,286	\$0	\$77,286	\$0	\$77,286
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assels	\$52,695	\$7,029		\$10,796	\$70,520		\$70,520
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From	\$71,286				\$71,286	-\$71,286	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$1,319,400	\$202,458	\$71,286	\$345,464	\$1,938,608	-\$71,286	\$1,867,322
161 Land	\$620,838				\$620,838		\$620,838
162 Buildings	\$21,315,918				\$21,315,918		\$21,315,918
163 Furniture, Equipment & Machinery - Dwellings	\$594,083				\$594,083		\$594,083
164 Furniture, Equipment & Machinery - Administration	\$1,031,123	\$4,808		\$50,000	\$1,085,931		\$1,085,931
165 Leasehold Improvements				\$324,866	\$324,866		\$324,866
166 Accumulated Depreciation	-\$16,679,427	-\$4,808		-\$359,360	-\$17,043,595		-\$17,043,595
167 Construction in Progress	\$571,021		\$191,526		\$762,547		\$762,547
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,453,556	\$0	\$191,526	\$15,506	\$7,660,588	\$0	\$7,660,588
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							
173 Grants Receivable - Non Current							
174 Other Assets							
176 Investments in Joint Ventures							
180 Total Non-Current Assets	\$7,453,556	\$0	\$191,526	\$15,506	\$7,660,588	\$0	\$7,660,588
200 Deferred Outflow of Resources	\$164,322	\$42,871		\$48,465	\$255,658		\$255,658
290 Total Assets and Deferred Outflow of Resources	\$8,937,278	\$245,329	\$262,812	\$409,435	\$9,854,854	-\$71,286	\$9,783,568
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$37,979				\$37,979		\$37,979
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	\$839	\$226		\$249	\$1,314		\$1,314
322 Accrued Compensated Absences - Current Portion	\$7,939	\$684		\$2,015	\$10,638		\$10,638
324 Accrued Contingency Liability							
325 Accrued Interest Payable	\$19,763				\$19,763		\$19,763
331 Accounts Payable - HUD PHA Programs		\$733			\$733		\$733
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	\$86,970				\$86,970		\$86,970
341 Tenant Security Deposits	\$117,620				\$117,620		\$117,620
342 Unearned Revenue	\$7,235				\$7,235		\$7,235
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$60,000				\$60,000		\$60,000
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities							
346 Accrued Liabilities - Other	\$27,770				\$27,770		\$27,770
347 Inter Program - Due To			\$71,286		\$71,286	-\$71,286	\$0
348 Loan Liability - Current							
310 Total Current Liabilities	\$366,115	\$1,643	\$71,286	\$2,264	\$441,308	-\$71,286	\$370,022

Secaucus Housing Authority (NJ083)  
SECAUCUS, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$910,000				\$910,000		\$910,000
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current	\$71,449	\$6,156		\$18,127	\$95,732		\$95,732
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	\$1,170,780	\$287,535		\$360,512	\$1,818,827		\$1,818,827
350 Total Non-Current Liabilities	\$2,152,229	\$293,691	\$0	\$378,639	\$2,824,559	\$0	\$2,824,559
300 Total Liabilities	\$2,518,344	\$295,334	\$71,286	\$380,903	\$3,265,867	-\$71,286	\$3,194,581
400 Deferred Inflow of Resources	\$46,423	\$12,112		\$13,692	\$72,227		\$72,227
508.4 Net Investment in Capital Assets	\$6,483,556		\$191,526	\$15,506	\$6,690,588		\$6,690,588
511.4 Restricted Net Position	\$21,944	\$32,211			\$54,155		\$54,155
512.4 Unrestricted Net Position	-\$132,989	-\$94,326	\$0	-\$666	-\$227,983		-\$227,983
513 Total Equity - Net Assets / Position	\$6,372,511	-\$62,117	\$191,526	\$14,840	\$6,516,760	\$0	\$6,516,760
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$8,937,278	\$245,329	\$262,812	\$409,435	\$9,854,854	-\$71,286	\$9,783,568

Secaucus Housing Authority (NJ083)  
SECAUCUS, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	14,871 Housing Choice Vouchers	14,218 Community Development Block Grants/Entitlement Grants	COCG	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,265,987				\$1,265,987		\$1,265,987
70400 Tenant Revenue - Other	\$15,483				\$15,483		\$15,483
70500 Total Tenant Revenue	\$1,281,470	\$0	\$0	\$0	\$1,281,470	\$0	\$1,281,470
70600 HUD PHA Operating Grants	\$607,913	\$2,367,660			\$2,975,573		\$2,975,573
70610 Capital Grants	\$347,300		\$191,526		\$538,826		\$538,826
70710 Management Fee				\$216,174	\$216,174	-\$216,174	\$0
70720 Asset Management Fee				\$33,000	\$33,000	-\$33,000	\$0
70730 Book Keeping Fee				\$44,332	\$44,332	-\$44,332	\$0
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue				\$293,506	\$293,506	-\$293,506	\$0
70800 Other Government Grants							
71100 Investment Income - Unrestricted	\$5,680	\$1,441			\$7,121		\$7,121
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery	\$10,114	\$2,278			\$12,392		\$12,392
71500 Other Revenue	\$33,669	\$32,433		\$41,208	\$107,310		\$107,310
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	\$2,286,146	\$2,403,812	\$191,526	\$334,714	\$5,216,198	-\$293,506	\$4,922,692
91100 Administrative Salaries	\$92,505	\$94,399		\$116,893	\$303,797		\$303,797
91200 Auditing Fees	\$2,154	\$6,250		\$3,900	\$12,304		\$12,304
91300 Management Fee	\$216,174				\$216,174	-\$216,174	\$0
91310 Book-keeping Fee	\$24,480	\$19,852			\$44,332	-\$44,332	\$0
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	\$72,016	\$54,109		\$148,808	\$274,933		\$274,933
91600 Office Expenses	\$32,173	\$15,500		\$72,117	\$119,790		\$119,790
91700 Legal Expense	\$3,906	\$4,650		\$22,444	\$31,000		\$31,000
91800 Travel	\$350	\$366		\$1,316	\$2,032		\$2,032
91810 Allocated Overhead							
91900 Other							
91000 Total Operating - Administrative	\$443,758	\$195,126	\$0	\$365,478	\$1,004,362	-\$260,506	\$743,856
92000 Asset Management Fee	\$33,000				\$33,000	-\$33,000	\$0
92100 Tenant Services - Salaries	\$36,484				\$36,484		\$36,484
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services	\$20,948				\$20,948		\$20,948
92400 Tenant Services - Other	\$720				\$720		\$720
92500 Total Tenant Services	\$58,152	\$0	\$0	\$0	\$58,152	\$0	\$58,152
93100 Water	\$54,681				\$54,681		\$54,681
93200 Electricity	\$237,420				\$237,420		\$237,420
93300 Gas	\$28,560				\$28,560		\$28,560
93400 Fuel							
93500 Labor	\$39,870				\$39,870		\$39,870
93600 Sewer	\$27,501				\$27,501		\$27,501
93700 Employee Benefit Contributions - Utilities	\$23,275				\$23,275		\$23,275
93800 Other Utilities Expense	\$460				\$460		\$460
93000 Total Utilities	\$411,767	\$0	\$0	\$0	\$411,767	\$0	\$411,767
94100 Ordinary Maintenance and Operations - Labor	\$227,468	\$9,000			\$236,468		\$236,468
94200 Ordinary Maintenance and Operations - Materials and Other	\$80,151				\$80,151		\$80,151

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

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	COC	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts	\$222,218				\$222,218		\$222,218
94500 Employee Benefit Contributions - Ordinary Maintenance	\$139,853	\$3,150			\$142,803		\$142,803
94000 Total Maintenance	\$669,490	\$12,150	\$0	\$0	\$681,640	\$0	\$681,640
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$29,538				\$29,538		\$29,538
96120 Liability Insurance	\$14,769				\$14,769		\$14,769
96130 Workmen's Compensation	\$14,769	\$2,484		\$10,425	\$27,678		\$27,678
96140 All Other Insurance							
96100 Total insurance Premiums	\$59,076	\$2,484	\$0	\$10,425	\$71,985	\$0	\$71,985
96200 Other General Expenses	\$2,096	\$22,209			\$24,305		\$24,305
96210 Compensated Absences	\$7,641			\$1,832	\$9,473		\$9,473
96300 Payments in Lieu of Taxes	\$86,970				\$86,970		\$86,970
96400 Bad debt - Tenant Rents							
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$96,707	\$22,209	\$0	\$1,832	\$120,748	\$0	\$120,748
96710 Interest of Mortgage (or Bonds) Payable	\$48,690				\$48,690		\$48,690
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$48,690	\$0	\$0	\$0	\$48,690	\$0	\$48,690
96900 Total Operating Expenses	\$1,820,640	\$231,969	\$0	\$377,735	\$2,430,344	-\$293,506	\$2,136,838
97000 Excess of Operating Revenue over Operating Expenses	\$465,506	\$2,171,843	\$191,526	-\$43,021	\$2,785,854	\$0	\$2,785,854
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments		\$2,150,785			\$2,150,785		\$2,150,785
97350 HAP Portability-In		\$30,943			\$30,943		\$30,943
97400 Depreciation Expense	\$449,804			\$342	\$450,146		\$450,146
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$2,270,444	\$2,413,697	\$0	\$378,077	\$5,062,218	-\$293,506	\$4,768,712
10010 Operating Transfer In							
10020 Operating transfer Out							
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss							
10080 Special Items (Net Gain/Loss)							
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							

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

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2016

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	COCC	Subtotal	ELIM	Total
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$15,702	-\$9,885	\$191,526	-\$43,363	\$153,980	\$0	\$153,980
11020 Required Annual Debt Principal Payments	\$60,000	\$0	\$0	\$0	\$60,000	\$0	\$60,000
11030 Beginning Equity	\$7,176,425	\$167,637	\$0	\$306,765	\$7,650,827	\$0	\$7,650,827
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$819,616	-\$219,869		-\$248,562	-\$1,288,047		-\$1,288,047
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity		-\$94,328			-\$94,328		-\$94,328
11180 Housing Assistance Payments Equity		\$32,211			\$32,211		\$32,211
11190 Unit Months Available	3300	3000	0	0	6300	0	6300
11210 Number of Unit Months Leased	3264	2647	0	0	5911	0	5911
11270 Excess Cash	\$731,992				\$731,992		\$731,992
11610 Land Purchases	\$0			\$0	\$0		\$0
11620 Building Purchases	\$287,300			\$0	\$287,300		\$287,300
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0			\$0	\$0		\$0
11660 Infrastructure Purchases	\$0			\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$110,786			\$0	\$110,786		\$110,786
13901 Replacement Housing Factor Funds	\$0			\$0	\$0		\$0

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 Secaucus, New Jersey  
CAPITAL FUND LEVERAGING PROGRAM STATUS REPORT  
 As of March 31, 2016

<u>Line Item</u>	<u>Funds Budgeted</u>	<u>Funds Obligated</u>	<u>Funds Expended</u>	<u>Balance of Unexpended Funds</u>
Architect & Engineering Fees	\$ 37,850	\$ 37,850	\$ 37,850	\$ -
NJ83-1 Caulking & Waterproofing	295,750	295,750	295,750	-
NJ83-2 Kitchen Replacement	260,635	260,635	260,635	-
Mold Removable Paint	250,000	250,000	250,000	-
Exterior Caulking	443,802	443,802	421,858	21,944
Fire Alarm System	71,963	71,963	71,963	-
Hallway Carpeting	70,938	70,938	70,938	-
 Total Capital Project	 <u>\$ 1,430,938</u>	 <u>\$ 1,430,938</u>	 <u>\$ 1,408,994</u>	 <u>\$ 21,944</u>

**Reconciliation of Debt Service Account**

Balance at March 31, 2015	\$ 21,944
Debt Proceeds Deposited	-
Interest earned	-
Total Funds Available	<u>21,944</u>
Less Disbursements during the Year	-
Balance at March 31, 2016	<u>\$ 21,944</u>

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 Secaucus, New Jersey  
STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS  
 As of March 31, 2016

	<u>NJ39P08350112</u> <u>CFP 2012 GRANT</u>	<u>TOTAL</u>
Funds Approved	\$ 262,631	\$ 262,631
Funds Expended	<u>262,631</u>	<u>262,631</u>
Excess/(Deficiency) Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 262,631	\$ 262,631
Funds Expended	<u>262,631</u>	<u>262,631</u>
Excess/(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>

NOTES TO STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS

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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 Schedule of Proportionate Share of the Net Pension Liability  
 of the Public Employees Retirement System (PERS)  
 For the Year Ended March 31, 2016

	<u>2015</u>	<u>2014</u>
Housing Authority's Proportion of the Net Pension Liability	0.00666%	0.00696%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 1,494,615	\$ 1,303,392
Housing Authority's Covered Employee Payroll	\$ 616,619	\$ 615,602
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	242.39%	211.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

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



HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 Schedule of Authority Contributions to the  
 Public Employees Retirement System (PERS)  
 For The Year Ended March 31, 2016

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 57,242	\$ 57,390
Contribution in Relation to the Contractually Required Contribution	\$ (57,242)	\$ (57,390)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$616,619	\$615,602
Contribution as a Percentage of Covered Employee Payroll	9.28%	9.32%

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the financial statements of the Housing Authority of the Town of Secaucus as of and for the year ended March 31, 2016 and have issued our report thereon dated October 14, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Town of Secaucus's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weakness may exist that have not been identified.

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

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Secaucus's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Polcari & Company*  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
October 14, 2016

**POLCARI & CO.**

CERTIFIED PUBLIC ACCOUNTANTS



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the Town of Secaucus's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the entity's major federal programs for the year ended March 31, 2016. The Housing Authority of the Town of Secaucus's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the Town of Secaucus's compliance.

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

**Opinion on Each Major Federal Program**

In our opinion, Housing Authority of the Town of Secaucus complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2016.

**Report on Internal Control Over Compliance**

Management of the Housing Authority of the Town of Secaucus is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the Town of Secaucus's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Polcari & Company*

POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
October 14, 2016

**POLCARI & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS  
 Secaucus, New Jersey  
 March 31, 2016

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SECTION 1 - SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of Auditor's Report Issued:	<u>Unmodified</u>	
Internal Control over Financial Reporting:		
Significant Deficiencies Identified?	_____ yes	___X___ no
Significant Deficiencies identified that are not considered to be material weakness(es)?	_____ yes	___X___ none reported
Noncompliance Material to Financial Statements Noted?	_____ yes	___X___ no

Federal Awards

Internal Control over Major Programs:		
Significant Deficiencies Identified?	_____ yes	___X___ no
Significant Deficiencies identified that are not considered to be material weakness(es)?	_____ yes	___X___ none reported

Type of audit report issued on compliance for  
major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)	_____ yes	___X___ no
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Identification of Major Programs

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
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14.871	Housing Choice Voucher
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Dollar Threshold used to distinguish between type A  
and type B Programs

\$750,000

Auditee qualified as low-risk?	___X___ yes	_____ no
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**SECTION 2 – FINANCIAL STATEMENT FINDINGS**

None.

**SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.