

HOUSING AUTHORITY OF THE
BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey

FINANCIAL STATEMENTS
For the Years Ended March 31, 2019 and 2018

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
Table of Contents

TABLE OF CONTENTS

	<u>PAGE</u>
Management's Discussion and Analysis	1-5
Independent Auditor's Report	6-7
 <u>FINANCIAL STATEMENTS</u>	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11-26
 <u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Expenditures of Federal Awards	27
Schedule of the Authority's Proportionate Share of the Net Pension Liability	28
Schedule of the Authority's Contributions to the Public Employees Retirement System	29
Financial Data Schedule	30-36
 <u>OTHER REPORTS AND COMMENTS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	37-38
Independent Auditor's Report on Compliance For Each Major Program and Internal Control Over Compliance Required by the Uniform Guidance	39-40
Schedule of Findings and Questioned Costs	41

MANAGEMENT'S DISCUSSION AND ANALYSIS
Housing Authority of the Borough of Cliffside Park
March 31, 2019

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2019. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A Financial Highlights

1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$6,954,106 (net position) as opposed to \$10,458,081 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of (\$4,733,045) and \$1,285,770 in Restricted Net Position.

3 – The Authority's cash and cash equivalent balance at March 31, 2019 was \$3,674,100 representing a increase of \$784,974 from the prior fiscal year primarily due to an increase in operating revenues over operating expenses.

4 – The Authority's Investments were \$1,282,876 at March 31, 2019 representing an increase of \$5,512 from the prior fiscal year

5 – The Authority had Total Operating Revenues of \$8,377,085 and Total Operating Expenses of \$7,872,024 (including depreciation of \$581,735) for the year ended March 31, 2019.

6 – The Authority's capital outlays for the fiscal year were \$240,888, which was funded primarily by the Authority's Reserve for Replacement Account in accordance with the Rental Assistance Demonstration (RAD) 20 year plan . The remainder was funded through a Community Development Block Grant and reserves.

7 – The Authority's Expenditures of Federal Awards amounted to \$6,227,883 for the fiscal year.

B Using the Annual Report

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for proprietary fund types.

2 – 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, the Comparative Statements of Revenues, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

B Using the Annual Report (Continued)

2 – Financial Statements (Continued)

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

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 8 through 10.

3 – Notes To Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.

4 – Supplemental Information

The schedule of expenditures of Federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Title 2 U.S Code of Federal Regulations (CFR) part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-profit Organizations. The schedule of expenditures of Federal awards can be found on page 27 of this report.

C The Authority as a Whole

The Authority's Net Position increased during the fiscal year as detailed below. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are received based on need against a pre-authorized funding level. The Authority's revenues exceeded expenses by \$1,142,543 when adjusted for depreciation of \$581,735. Fiscal year 2019, was the first full year the Authority was operating under HUD's RAD Program. Under RAD, HUD released its declaration of trust on the Authority's projects which were then transferred to a not for profit company reported in the Business Activities column on the FDS. The RAD program provides subsidies under the HCV Program as opposed to the LRPB Program.

By far, the largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

D Budgetary Highlights

For the year ended March 31, 2019 individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. (Also, the Authority adopted a comprehensive annual budget for the General Fund.) The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

Revenues exceeded expenses during the fiscal year; however the adjustment of GASB 75 required a prior period adjustment of \$4,064,783 which had the net effect of reducing net position by \$3,503,975.

E Capital Assets and Debt Administration

1 – Capital Assets

As of March 31, 2019, the Authority's investment in capital assets for its Proprietary Fund was \$10,401,381 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Additional information on the Authority's capital assets can be found in Note 5 to the Financial Statements which is included in this Report

2 – Long Term Debt

The Authority does not have any long-term debt outstanding at this time.

F – Significant Changes from Fiscal Year Ended March 31, 2018 to March 31, 2019

During fiscal year 2018, the Authority Transferred of all assets from the Low Rent Public Housing Program to the Business Activities Program is the result of the Authority converting all of its public housing units to RAD. Fiscal year 2019 represents the first full year operating under the RAD Program. The most notable change is the elimination of Operating Subsidy and Capital Fund Grants and in increase in HCV Program Grants.

Construction in Process – The increase is due to unfinished projects started in accordance with the RAD 20 year capital improvement study. Construction costs are primarily funded through the Replacement for Reserve Account.

PILOT – The increase in PILOT payable is due to the timing of the payment to the Borough of Cliffside Park. The fiscal year 2018 payment was made in June 2019 in the amount of \$79,499.

Deferred Revenues – During fiscal year 2018, the Authority received advance payments under the RAD Program for fiscal year 2019.

Pension and OPEB Liability – the amount of OPEB liability increased due to the requirement that the Authority adopt GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Under GASB 75 the Authority was required to report an additional liability of \$4,168,146. \$4,064,784 was reported as a prior period adjustment and \$103,362 was reported as a current year expense.

HAP Expenses and Revenues – Both HAP subsidies and HAP Expense increased in the current year due to the conversion to RAD. Fiscal year March 31, 2019 represents the first full year of the implementation of the RAD Program by the Authority.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

G Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2020.

1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.

2 – The availability of the Authority's Unrestricted Net Position to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants.

3 – Effective April 1, 2018 the Authority converted to RAD

H 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 financial information should be addressed to the Executive Director, Housing Authority of the Borough of Cliffside Park, 500 Gorge Road, Cliffside Park, New Jersey 07010, or call (201) 941-0655.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Composition of Net Position is as follows:

	<u>Year Ended</u>	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Cash and Other Current Assets	\$ 5,031,271	\$ 4,218,796
Capital Assets - Net	10,401,381	10,742,229
Deferred Outflows	<u>659,063</u>	<u>790,187</u>
Total Assets	16,091,715	15,751,212
Less: Total Liabilities	(8,192,581)	(4,566,571)
Deferred Inflows	<u>(945,028)</u>	<u>(726,560)</u>
Net Position	<u>\$ 6,954,106</u>	<u>\$ 10,458,081</u>
Invested in Capital Assets	10,401,381	10,742,229
Unrestricted Net Position	1,285,770	1,200,202
Restricted Net Position	<u>(4,733,045)</u>	<u>(1,484,350)</u>
Total Net Position	<u>\$ 6,954,106</u>	<u>\$ 10,458,081</u>

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
<u>Revenues</u>		
Tenant Revenues	\$ 2,964,344	\$ 1,459,062
HUD Subsidies	4,755,578	5,619,056
Other Income	<u>657,163</u>	<u>572,316</u>
Total Operating Revenues	<u>8,377,085</u>	<u>7,650,434</u>
<u>Expenses</u>		
Operating Expenses excluding depreciation	7,290,289	7,266,342
Depreciation Expense	<u>581,735</u>	<u>635,308</u>
Total Operating Expenses	<u>7,872,024</u>	<u>7,901,650</u>
Deficiency of Operating Revenues Over Expenses	505,061	(251,216)
<u>Non-Operating Revenues</u>		
Interest on Investments	<u>55,747</u>	<u>32,611</u>
Deficiency of Revenues Over Expenses Before Capital Grants Received	560,808	(218,605)
<u>Capital Grants</u>		
HUD Capital Grants	<u>-</u>	<u>1,077,298</u>
Excess Revenues/(Deficiency)	560,808	858,693
Net Assets Prior	10,458,081	9,599,388
	<u>(4,064,783)</u>	<u>-</u>
Total Net Position	<u>\$ 6,954,106</u>	<u>\$ 10,458,081</u>



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the borough of Cliffside Park
Cliffside Park, New Jersey

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

We have audited the accompanying financial statements of the Housing Authority of the Borough of Cliffside Park (the Authority), which comprise of the Statement of Net Position as of March 31, 2019 and 2018, and the related Statement of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit 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 Borough of Cliffside Park, as of March 31, 2019 and 2018, 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.

Emphasis of Matter

During the fiscal year, the Authority adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additional information can be found in Note 1 to these financial statements. Our opinion is not modified with respect to the matter of emphasis

INDEPENDENT AUDITOR'S REPORT

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis presented on pages 1-5 and the Schedule of the Authority's Proportionate Share of the Net Pension Liability presented on pages 28 and 29 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 Borough of Cliffside Park. The Financial Data Schedule is presented for the purpose 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, Schedule of Expenditures of Federal Awards and the Statement and Certification Completed Modernization Grants are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the Financial Data Schedule, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated October 29, 2019 on our consideration of the Housing Authority of the Borough of Cliffside Park'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 29, 2019

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
At March 31, 2019 and 2018

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

<u>CURRENT ASSETS</u>	2019	2018
Cash and Cash Equivalents - Unrestricted	\$ 2,284,877	\$ 1,421,694
Cash - Restricted	1,285,770	1,368,510
Cash - Tenant Security Deposits	103,453	98,922
Investments - Unrestricted	1,282,876	1,277,364
Accounts Receivable - Tenants (Net)	2,389	7
Accrued Interest Receivable	18,131	472
Accounts Receivable - Other	20,335	20,852
Prepaid Expenses and Other Current Assets	33,440	30,975
Total Current Assets	5,031,271	4,218,796
<u>FIXED ASSETS</u>		
Land	586,165	586,165
Buildings and Improvements	20,943,428	20,943,428
Furniture, Equipment and Machinery	1,908,933	1,908,933
Construction in Progress	296,221	55,333
Total Fixed Assets	23,734,747	23,493,859
Less: Accumulated Depreciation	(13,333,366)	(12,751,630)
Net Fixed Assets	10,401,381	10,742,229
Deferred Outflow of Resources	659,063	790,187
Total Assets	\$ 16,091,715	\$ 15,751,212

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 32,301	\$ 76,768
Accrued Wages	17,736	6,774
Due to HUD	10,761	8,372
Due to Tenants:		
Security Deposits	103,452	98,922
Accrued Liabilities:		
Compensated Absences - Current portion	21,232	20,919
Payment in Lieu of Taxes	163,025	79,499
Accrued Liabilities-Other	52,959	70,963
Unearned Revenues	2,077	224,854
Total Current Liabilities	403,543	587,071
Accrued Pension and OPEB Liabilities	7,595,814	3,791,217
Accrued Compensated Absences - Noncurrent	193,224	188,283
Total Liabilities	8,192,581	4,566,571
Deferred Inflow of Resources	945,028	726,560
<u>NET POSITION</u>		
Net Investment in Capital Assets	10,401,381	10,742,229
Restricted Net Position	1,285,770	1,200,202
Unrestricted Net Position	(4,733,045)	(1,484,350)
Total Net Position	\$ 6,954,106	\$ 10,458,081

See Notes to Financial Statements

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
COMPARATIVE STATEMENTS REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended March 31, 2019 and 2018

	2019	2018
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 2,964,344	\$ 1,459,062
HUD Grants - Operating	4,755,578	5,619,056
Other Revenues	657,163	572,316
Total Revenues	<u>8,377,085</u>	<u>7,650,434</u>
<u>OPERATING EXPENSES</u>		
Administration	1,164,916	1,133,615
Housing Assistance Payments	4,081,970	3,941,163
Tenant Services	329,749	337,916
Utilities	649,118	676,672
Ordinary Maintenance & Operations	841,579	941,355
General Expense	222,957	235,621
Depreciation Expense	581,735	635,308
Total Operating Expenses	<u>7,872,024</u>	<u>7,901,650</u>
EXCESS OF OPERATING EXPENSES OVER REVENUES	505,061	(251,216)
Non Operating Revenues/(Expenses):		
Interest Income	<u>55,747</u>	<u>32,611</u>
Income / (Loss) Before Contributions and Transfers	560,808	(218,605)
Capital Grants	<u>-</u>	<u>1,077,298</u>
INCREASE (DECREASE) IN NET POSITION	560,808	858,693
Beginning Net Position	10,458,081	9,599,388
Prior Period Adjustments	<u>(4,064,783)</u>	<u>-</u>
Ending Net Position	<u>\$ 6,954,106</u>	<u>\$ 10,458,081</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 2,739,185	\$ 1,682,730
From Government Agencies for Operating Grants	4,757,967	5,715,883
From Other Operating Revenues	657,163	572,316
Cash Paid:		
To Employees for Operations	(1,095,882)	(981,073)
To Suppliers for Operations	(1,987,707)	(2,040,200)
For Housing Assistance Payments	(4,081,970)	(3,941,163)
Net Cash Provided/(Used) by Operating Activities	988,756	1,008,493
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	-	1,077,298
Acquisition of Property and Equipment	(240,888)	(1,158,163)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(240,888)	(80,865)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Security Deposits Collected	4,530	505
(Purchase) Sales of Investments	(5,512)	(330,581)
Investment Income	38,088	33,865
Net Cash Provided by Investing Activities	37,106	(296,211)
Net increase (decrease) in Cash and Cash Equivalents	784,974	631,417
Cash and Equivalents at Beginning of Period	2,889,126	2,257,709
Cash and Equivalents at End of Period	<u>\$ 3,674,100</u>	<u>\$ 2,889,126</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</u>		
Operating Income (Loss)	\$ 505,061	\$ (251,216)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	581,735	635,308
Deferred Outflow of Resources	131,124	353,380
Deferred Inflow of Resources	218,468	670,319
Decrease (Increase) in Assets		
Accounts Receivable - Tenants	(2,382)	604
Accounts Receivable - HUD	-	92,786
Accounts Receivable - Other	517	16,337
Prepaid Expenses and Other Current Assets	(2,465)	(92)
Increase (Decrease) in Liabilities		
Accounts Payable	(33,505)	31,578
Accounts Payable - HUD	2,389	4,041
Accrued Liabilities - Other	(18,004)	8,222
Deferred Revenue	(222,777)	223,064
Compensated Absences	5,254	18,173
Accrued Pension and OPEB Liabilities	(260,185)	(792,789)
PILOT Payable	83,526	(1,222)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 988,756</u>	<u>\$ 1,008,493</u>

See Notes to Financial Statements

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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

1. Organization and Activities – The Housing Authority of The Borough of Cliffside Park (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 Borough of Cliffside Park, 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 Borough's reporting entity since the Borough 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 HCV Program, the subsidy is determined based on the prior year HAP and administrative expenditures, and the overfunded or underfunded amount, if any, is to be retained by the Authority in accordance with HUD guidelines. Advance payments received for the subsequent fiscal year are recorded as deferred revenue.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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

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.

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

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. Statement No. 34 established standards for all state and local governmental entities that includes a statement of net position, a statement of activities and a statement of cash flows. It requires the classification of net position into three components – Net Investment in Capital Assets; Restricted Net Position and Unrestricted Net Position. Statement No. 63 requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

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

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

Unrestricted Net Position – This component consists of net assets that do not meet the definition of Restricted Net Position or Invested in Capital Assets, Net of Related Debt.

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

Significant accounting policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash 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.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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

- 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.
- 14 - Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2019 and 2018, the Authority has not recognized any reduction in the carrying value of its fixed assets.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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

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 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which requires employers to recognize and measure their proportionate share of the total net OPEB liability and total OPEB expenses. GASB 75 replaces the requirements of Statement No. 45. Additional information regarding the adoption of GASB 75 can be found in Note 9 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 authority's name.

Cash and Cash Equivalents of \$3,674,100 and \$2,889,126 at March 31, 2019 and 2018, consisted of the following:

	<u>3/31/2019</u>	<u>3/31/2018</u>
Checking Accounts	\$ 2,284,827	\$ 1,421,644
Cash-Restricted	1,285,770	1,368,510
Tenant Security Deposit Accounts	103,453	98,922
Petty Cash Fund	<u>50</u>	<u>50</u>
Total Cash and Equivalents	<u>\$ 3,674,100</u>	<u>\$ 2,889,126</u>

The carrying amount of the Authority's cash and cash equivalents as of March 31, 2019 was \$3,674,100 and the bank balances were \$3,669,544. Of the bank balances, \$250,000 was covered by FDIC insurance and \$3,419,544 was covered by a collateral pool maintained by the banks as required by New Jersey statutes. Cash and cash equivalents, except petty cash are held in the Authority's name.

The Authority's cash and cash equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority. As described above, \$3,419,544 of the authority's deposits exceeded FDIC insurance and were covered under New Jersey's Governmental Unit Deposit Protection Act (GUDPA) which collateralizes securities held by the pledging institutions trust department but are not in the Authority's name.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 3 – Investments

Investments of \$1,282,876 and \$1,277,364 at March 31, 2019 and 2018 consist of three certificates of deposit.

The certificates of deposit have varying maturity dates greater than three months from the date of purchase and are stated at fair value in the Statement of Net Position, with all gains and losses included in the Statement of Activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis.

Interest rates on the certificates were between 1% and 2.62% during the current fiscal year. Investments are measured at fair value. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are adjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 inputs provide the most realizable measure of fair value as of the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 inputs are significant unobservable inputs for the asset or liability. The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All of the Authority's investments at March 31, 2019 and 2018 are included in Level 1 of the hierarchy

\$250,000 of the Certificates of Deposit are covered by FDIC Insurance and the remainder is covered by third party collateral agreements and GUDPA as required by NJ statute and HUD.

NOTE 4 – Tenant Accounts Receivable

Tenant accounts receivable are stated net of an allowance for doubtful accounts. At March 31, 2019 and 2018 the allowance for doubtful accounts was \$0.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 5 - 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 years ended March 31, 2019 and 2018:

	Balance Apr. 1, 2018	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2019
Land	\$ 586,165	\$ -	\$ -	\$ -	\$ 586,165
Buildings and Improvements	20,943,428	-	-	-	20,943,428
Dwelling Equipment	716,709	-	-	-	716,709
Furniture and Equipment	1,192,224	-	-	-	1,192,224
Construction in Progress	55,333	240,888	-	-	296,221
Total Fixed Assets	23,493,859	240,888	-	-	23,734,747
Accumulated Depreciation	(12,751,630)	(581,736)	-	-	(13,333,366)
Net Fixed Assets	<u>\$ 10,742,229</u>	<u>\$ (340,848)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,401,381</u>

	Balance Apr. 1, 2017	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2018
Land	\$ 586,165	\$ -	\$ -	\$ -	\$ 586,165
Buildings and Improvements	19,397,997	-	-	1,545,431	20,943,428
Dwelling Equipment	716,709	-	-	-	716,709
Furniture and Equipment	1,192,224	-	-	-	1,192,224
Construction in Progress	442,600	1,158,164	-	(1,545,431)	55,333
Total Fixed Assets	22,335,695	1,158,164	-	-	23,493,859
Accumulated Depreciation	(12,116,322)	(635,308)	-	-	(12,751,630)
Net Fixed Assets	<u>\$ 10,219,373</u>	<u>\$ 522,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,742,229</u>

Depreciation expense for the fiscal years ended March 31, 2019 and 2018 amounted to \$581,736 and \$635,308, respectively.

Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$1,000 are expenses when incurred.

Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

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

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 6 – 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 Borough. Under the Cooperation Agreement, the Authority must pay the Borough the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal years ended March 31, 2019 and 2018 PILOT expense was accrued in the amount of \$83,526 and \$79,499.

NOTE 7 – Accrued Compensated Absences

Accrued compensated absences of \$214,456 and \$209,202 at March 31, 2019 and 2018 represent amounts of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service. Employees may be compensated for sick leave at retirement at a rate of one-half of the eligible employee's rate of pay, subject to a maximum sick leave payment of \$15,000.

NOTE 8 – Pension Plan

General Information about the Pension Plan

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

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

The following represents the membership tiers for PERS:

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

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

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 8 – Pension Plan

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 7.5% of base salary beginning with the first payroll July 1, 2012 until the 7.5% contribution reached is reached in July 2018. 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. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in 2009. The Authority's contribution for fiscal year March 31, 2018 was \$113,430. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

At June 30, 2018, the measurement date, the Authority reported \$2,466,341 for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentage as of June 30, 2018 was 0.01252618%.

The components of the Authority's net pension liability as of March 31, 2019 was determined as of the measurement date of June 30, 2018 and 2017, the most recent evaluation date is as follows:

	2018	2017
Total Pension Liability	\$ 5,315,055	\$ 5,452,575
Plan Fiduciary Net Position	2,848,714	2,622,686
Net Pension Liability	<u>\$ 2,466,341</u>	<u>\$ 2,829,889</u>

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

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 8 – Pension Plan (Continued)

Actuarial Assumptions - The Authority's net pension liability for the fiscal year ended March 31, 2019 was determined at a measurement date of June 30, 2018. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial evaluation as of July 1, 2017, which was rolled forward to June 30, 2018. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15%
	based on age
Thereafter	2.65-5.15%
	based on age
Investment Rate of Return	7.00%

Preretirement Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 2 years for males and 7 years for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2013 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actuarial experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact will be on future financial statements. In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer after consultation with the Director of the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2018 are summarized in the following table:

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 8 – Pension Plan (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Private Real estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining total pension liability.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 8 – Pension Plan (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.66%)	Current Assumption (5.66%)	1% Increase (6.66%)
2018	3,101,141	2,466,342	1,933,787
2017	3,510,670	2,829,889	2,262,715

For the year ended March 31, 2019, the Authority recognized pension expense of \$441,517. At March 31, 2019 and 2018 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018 Deferred Outflows of Resources	2018 Deferred Inflows of Resources	2017 Deferred Outflows of Resources	2017 Deferred Inflows of Resources
Changes of assumptions	\$ 406,412	\$ -	\$ 570,125	\$ -
Differences between expected and actual experience	47,034	-	66,634	-
Net differences between projected and actual earnings on plan investments	-	945,028	19,270	726,560
Changes in proportion	80,763	-	20,728	-
Subtotal	<u>\$ 534,209</u>	<u>\$ 945,028</u>	<u>\$ 676,757</u>	<u>\$ 726,560</u>
Authority's contributions subsequent to the measurement date	124,854	-	113,430	-
Total	<u>\$ 659,063</u>	<u>\$ 945,028</u>	<u>\$ 790,187</u>	<u>\$ 726,560</u>

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

Year Ended June 30,	
2019	(24,647)
2020	34,125
2021	244,701
2022	212,110
2023	67,921
	<u>\$ 534,209</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 9 – Other Post Employee Retirement Benefits (OPEB)

PLAN DESCRIPTION

The Authority administers a single-employer defined benefit postemployment health care benefit plan. Coverage under the plan is available to employee spouses and benefits may continue to surviving spouses.

BENEFITS PROVIDED

Vested employees are eligible for postemployment medical care benefits, including prescription drug benefits, as part of the plan. Benefits are insured through the state of New Jersey State health Benefits Program. Retirees make no contributions. The housing authority eliminated retiree benefits for all current and future retirees retiring after 2013.

EMPLOYEES COVERED UNDER THE PLAN

At April 1, 2018, the census date in the most recent plan valuation report, the following employees were covered under the plan:

Inactive Employees or Beneficiaries Receiving Benefits	7
Active employees	<u>12</u>
Total Employees included in Plan	<u>19</u>

PLAN ASSETS

The Authority has not accumulated plan assets in an irrevocable trust designated for plan participants.

TOTAL OPEB LIABILITY

The Authority's total other postemployment benefit ("OPEB") liability of \$5,129,474 was measured as of March 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the March 31, 2019 actuarial evaluation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.50%
Healthcare Cost Trend Rates	8.0% beginning in 2020, decreasing 0.5% per year until an ultimate trend rate of 5.0% for 2026 and later years
Retiree's Share of Benefit-Related Cost	Retirees make no contributions for benefit costs.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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

The discount rate is based on the prescribed discount interest rate methodology under GASB 74/75 based on average of three 20-year indices (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of March 29, 2019.

Mortality rates are based on the RP 2014 Combined Healthy Table for both pre & post retirement; projected with mortality improvements using Projection Scale AA for 2.5 years, plus 7 years generational improvement.

The actuarial assumptions used in the April 1, 2018 valuation were based on the results of an actuarial experience study for the period April 1, 2018 through March 31, 2019.

Changes in the Total OPEB Liability are as follows:

Balance at 4/1/2018	\$ 5,026,112
Changes for the Year	
Service Cost	60,318
Interest	173,629
Changes in Benefit Terms	-
Changes in Expected to Actual Experience	-
Changes in Assumptions or Other Inputs	-
Benefit Payments	(130,585)
Net Changes	<u>103,362</u>
Balance at 3/31/19	<u>\$ 5,129,474</u>

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Authority as of March 31, 2019, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5%) or 1 percentage point higher (4.5%) than the current discount rate:

	1% Decrease <u>2.50%</u>	Discount Rate <u>3.50%</u>	1% Increase <u>4.50%</u>
Total OPEB Liability	\$ 6,116,804	\$ 5,129,474	\$ 4,373,015

For the year ended March 31, 2019, the Authority recognized OPEB expense of \$130,585. At March 31, 2019, the Authority did not report deferred outflows of resources or deferred inflows of resources related to OPEB.

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 10 – 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 year ended March 31, 2019, 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 11 – Construction Commitments

At March 31, 2019, the Authority has entered into various construction contracts with unrelated parties in the amount of \$285,000 for the rehabilitation of its RAD Projects. At March 31, 2019, \$191,028 of such contract commitments had not yet been incurred.

NOTE 12 – Economic Dependency

For the year ended March 31, 2019 and 2018, 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.

NOTE 13 – Restricted Net Position

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

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 13 – Restricted Net Position - Continued

The undesignated fund balance also includes interest income on HAP investments, family self sufficiency program forfeitures and fraud recoveries. The housing authority's portion of fraud recoveries (i.e., the higher of 50% of the amount collected or the reasonable and necessary costs that the PHA incurred related to the collection) must continue to be used for activities related to the provision of voucher assistance authorized under Section 8 of the United States Housing Act of 1937. The balance of the recovery amount must be maintained in the undesignated fund balance account as excess HAP.

In accordance with HUD requirements, the Agency's undesignated fund balance of the Voucher Program consists of the following components as of March 31, 2019 and 2018:

Administrative Fee Reserves included in Unrestricted Net Position

Administrative Fee Reserves at March 31, 2018	\$ 311,669	
Administrative Fee Revenues Earned FYE March 31, 2019	758,132	
Administrative Expenses	(556,913)	
Port In	(297,304)	
Prior Period Adjustment	(1,071,891)	
Other Income	314,346	
Interest income on administrative fee reserves	21,511	
50% of Fraud Recoveries	<u>3,539</u>	
		<u>\$ (516,911)</u>

Housing Assistance Payments Reserves included in Restricted Net Position

Housing Assistance Payments Reserves at March 31, 2018	\$ 19,671	
Housing Assistance Subsidy FYE March 31, 2019	5,444,249	
Housing Assistance Payments FYE March 31, 2019	(5,256,971)	
50% of Fraud Recoveries	<u>3,539</u>	
		<u>\$ 210,488</u>

Administrative Fee Reserves included in Unrestricted Net Position

Administrative Fee Reserves at March 31, 2017	\$ 332,853	
Administrative Fee Revenues Earned FYE March 31, 2018	394,659	
Administrative Expenses	(465,170)	
Port In	(215,693)	
Other Income	248,589	
Interest income on administrative fee reserves	12,799	
50% of Fraud Recoveries	<u>3,632</u>	
		<u>\$ 311,669</u>

Housing Assistance Payments Reserves included in Restricted Net Position

Housing Assistance Payments Reserves at March 31, 2017	\$ 1,024	
Housing Assistance Subsidy FYE March 31, 2018	4,106,405	
Housing Assistance Payments FYE March 31, 2018	(4,091,390)	
50% of Fraud Recoveries	<u>3,632</u>	
		<u>\$ 19,671</u>

HOUSING AUTHORITY OF THE BOROUGH OF CLIFFSIDE PARK
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 14- Prior Period Adjustment

During the current fiscal year, the Authority was required to adopt GASB 75, Accounting and Financial Reporting by for Postemployment Benefits Other Than Pensions. The effect of adopting GASB 75 reduced beginning equity by \$4,064,783.

NOTE 15 – 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 29, 2019, the date on which the financial statements were available to be issued and concluded that 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 BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2019

DIRECT FEDERAL ASSISTANCE - DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LOW INCOME HOUSING PROGRAM

Operating Subsidy (CFDA# 14.850a)	\$ 922
-----------------------------------	--------

<u>COMMUNITY DEVELOPMENT BLOCK GRANT (CFDA#14.218)</u>	24,580
--	--------

HOUSING ASSISTANCE PAYMENTS PROGRAM

Section 8 Voucher Program (CFDA # 14.871)	<u>6,202,381</u>
---	------------------

TOTAL FEDERAL FINANCIAL ASSISTANCE	<u>\$ 6,227,883</u>
------------------------------------	---------------------

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARD.

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.

CLIFFSIDE PARK HOUSING AUTHORITY
 Cliffside Park, New Jersey
 SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
 For the Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	0.01252618%	0.0121567170%	0.01279996%	0.0131382%
Authority's proportionate share of the net pension liability	2,466,341	2,829,889	3,790,980	2,949,281
Authority's Covered Employee Payroll	911,956	871,017	981,073	912,897
Authority's share of the net pension liability as a percentage of its covered payroll	270%	325%	386%	323%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%	67.05%	47.93%

CLIFFSIDE PARK HOUSING AUTHORITY
Cliffside Park, New Jersey
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
For the Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	130,585	\$ 124,595	\$ 113,430	\$ 114,000	\$ 358,065
Contribution in relation to the contractually required contribution	<u>(130,585)</u>	<u>(124,595)</u>	<u>(113,430)</u>	<u>(114,000)</u>	<u>(358,065)</u>
Contribution Deficiency/(excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's covered payroll	911,956	886,021	871,017	981,073	912,897
Contribution as a percentage of covered employee payroll	14.32%	14.06%	13.02%	11.62%	39.22%

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted			\$571,994	\$11,900	\$2,348	\$1,696,245	\$2,282,487		\$2,282,487
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted			\$210,488			\$1,075,282	\$1,285,770		\$1,285,770
114 Cash - Tenant Security Deposits						\$103,453	\$103,453		\$103,453
115 Cash - Restricted for Payment of Current Liabilities			\$2,390				\$2,390		\$2,390
100 Total Cash	\$0	\$0	\$784,872	\$11,900	\$2,348	\$2,874,980	\$3,674,100	\$0	\$3,674,100
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous						\$20,335	\$20,335		\$20,335
126 Accounts Receivable - Tenants						\$2,389	\$2,389		\$2,389
126.1 Allowance for Doubtful Accounts - Tenants						\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other						\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable			\$9,464			\$8,667	\$18,131		\$18,131
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$9,464	\$0	\$0	\$31,391	\$40,855	\$0	\$40,855
131 Investments - Unrestricted			\$762,873			\$520,003	\$1,282,876		\$1,282,876
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets						\$33,440	\$33,440		\$33,440
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From						\$11,900	\$11,900	-\$11,900	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$0	\$0	\$1,557,209	\$11,900	\$2,348	\$3,471,714	\$5,043,171	-\$11,900	\$5,031,271
161 Land									
162 Buildings						\$586,165	\$586,165		\$586,165
163 Furniture, Equipment & Machinery - Dwellings						\$20,615,553	\$20,615,553		\$20,615,553
164 Furniture, Equipment & Machinery - Administration			\$163,512			\$716,709	\$716,709		\$716,709
165 Leasehold Improvements						\$1,028,712	\$1,192,224		\$1,192,224
166 Accumulated Depreciation			-\$123,512			\$327,875	\$327,875		\$327,875
167 Construction in Progress						-\$13,209,854	-\$13,333,366		-\$13,333,366
						\$296,221	\$296,221		\$296,221

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$40,000	\$0	\$0	\$10,361,381	\$10,401,381	\$0	\$10,401,381
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$0	\$0	\$40,000	\$0	\$0	\$10,361,381	\$10,401,381	\$0	\$10,401,381
200 Deferred Outflow of Resources			\$121,927			\$537,136	\$659,063		\$659,063
290 Total Assets and Deferred Outflow of Resources	\$0	\$0	\$1,719,136	\$11,900	\$2,348	\$14,370,231	\$16,103,615	-\$11,900	\$16,091,715
311 Bank Overdraft									
312 Accounts Payable <= 90 Days			\$667			\$31,634	\$32,301		\$32,301
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable						\$17,736	\$17,736		\$17,736
322 Accrued Compensated Absences - Current Portion			\$4,184			\$17,048	\$21,232		\$21,232
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs			\$10,761				\$10,761		\$10,761
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits									
342 Unearned Revenue									
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						\$163,025	\$163,025		\$163,025
344 Current Portion of Long-term Debt - Operating Borrowings						\$103,452	\$103,452		\$103,452
345 Other Current Liabilities						\$2,077	\$2,077		\$2,077
346 Accrued Liabilities - Other									
347 Inter Program - Due To				\$11,900		\$52,959	\$52,959		\$52,959
348 Loan Liability - Current							\$11,900	-\$11,900	\$0
310 Total Current Liabilities	\$0	\$0	\$15,612	\$11,900	\$0	\$387,931	\$415,443	-\$11,900	\$403,543
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other									

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
354 Accrued Compensated Absences - Non Current			\$39,789			\$153,435	\$193,224		\$193,224
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities			\$1,790,704			\$5,805,110	\$7,595,814		\$7,595,814
350 Total Non-Current Liabilities	\$0	\$0	\$1,830,493	\$0	\$0	\$5,958,545	\$7,789,038	\$0	\$7,789,038
300 Total Liabilities	\$0	\$0	\$1,846,105	\$11,900	\$0	\$6,346,476	\$8,204,481	-\$11,900	\$8,192,581
400 Deferred Inflow of Resources			\$179,454			\$765,574	\$945,028		\$945,028
508.4 Net Investment in Capital Assets			\$40,000			\$10,361,381	\$10,401,381		\$10,401,381
511.4 Restricted Net Position			\$210,488			\$1,075,282	\$1,285,770		\$1,285,770
512.4 Unrestricted Net Position	\$0	\$0	-\$556,911	\$0	\$2,348	-\$4,178,482	-\$4,733,045		-\$4,733,045
513 Total Equity - Net Assets / Position	\$0	\$0	-\$306,423	\$0	\$2,348	\$7,256,181	\$6,954,106	\$0	\$6,954,106
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$0	\$1,719,136	\$11,900	\$2,348	\$14,370,231	\$16,103,615	-\$11,900	\$16,091,715

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue						\$2,964,344	\$2,964,344		\$2,964,344
70400 Tenant Revenue - Other									
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$2,964,344	\$2,964,344	\$0	\$2,964,344
70600 HUD PHA Operating Grants	\$922	\$24,580	\$6,202,381				\$6,227,863	-\$1,472,305	\$4,755,578
70610 Capital Grants									
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants									
71100 Investment Income - Unrestricted					\$55,220		\$55,220		\$55,220
71200 Mortgage Interest Income			\$21,511			\$22,713	\$44,224		\$44,224
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery			\$7,078						
71500 Other Revenue			\$314,346	\$17,500		\$1,127	\$8,205		\$8,205
71600 Gain or Loss on Sale of Capital Assets						\$259,392	\$591,238		\$591,238
72000 Investment Income - Restricted						\$2,500	\$2,500		\$2,500
70000 Total Revenue	\$922	\$24,580	\$6,545,316	\$17,500	\$55,220	\$3,261,599	\$9,905,137	-\$1,472,305	\$8,432,832
91100 Administrative Salaries			\$213,359	\$27,775		\$320,039	\$561,173		\$561,173
91200 Auditing Fees						\$10,440	\$10,440		\$10,440
91300 Management Fee						\$17,500	\$17,500		\$17,500
91310 Book-keeping Fee									
91400 Advertising and Marketing									
91500 Employee Benefit contributions - Administrative			\$199,186	\$3,063		\$179,140	\$381,411		\$381,411
91600 Office Expenses			\$79,488			\$77,569	\$157,057		\$157,057
91700 Legal Expense			\$16,573			\$16,572	\$33,145		\$33,145
91800 Travel			\$2,095			\$2,095	\$4,190		\$4,190
91810 Allocated Overhead									
91900 Other									
91000 Total Operating - Administrative	\$0	\$0	\$510,703	\$30,858	\$0	\$623,355	\$1,164,916	\$0	\$1,164,916

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
92000 Asset Management Fee									
92100 Tenant Services - Salaries		\$22,500			\$44,176	\$103,100	\$169,776		\$169,776
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services		\$2,080			\$11,044	\$71,759	\$84,883		\$84,883
92400 Tenant Services - Other						\$75,090	\$75,090		\$75,090
92500 Total Tenant Services	\$0	\$24,580	\$0	\$0	\$55,220	\$249,949	\$329,749	\$0	\$329,749
93100 Water									
93200 Electricity						\$103,196	\$103,196		\$103,196
93300 Gas						\$308,028	\$308,028		\$308,028
93400 Fuel						\$96,190	\$96,190		\$96,190
93500 Labor									
93600 Sewer						\$89,240	\$89,240		\$89,240
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense						\$52,464	\$52,464		\$52,464
93900 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$649,118	\$649,118	\$0	\$649,118
94100 Ordinary Maintenance and Operations - Labor									
94200 Ordinary Maintenance and Operations - Materials and Other						\$275,693	\$275,693		\$275,693
94300 Ordinary Maintenance and Operations Contracts						\$74,829	\$74,829		\$74,829
94500 Employee Benefit Contributions - Ordinary Maintenance						\$239,687	\$239,687		\$239,687
94900 Total Maintenance	\$0	\$0	\$0	\$0	\$0	\$154,798	\$154,798	\$0	\$154,798
95100 Protective Services - Labor						\$745,007	\$745,007		\$745,007
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95900 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance									
96120 Liability Insurance						\$50,546	\$50,546		\$50,546
96130 Workmen's Compensation			\$25,273			\$25,273	\$25,273		\$25,273
96140 All Other Insurance						\$25,273	\$50,546		\$50,546
96190 Total Insurance Premiums	\$0	\$0	\$25,273	\$0	\$0	\$101,092	\$126,365	\$0	\$126,365
96200 Other General Expenses			\$8,806				\$8,806		\$8,806
96210 Compensated Absences			\$2,131			\$2,129	\$4,260		\$4,260

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
96300 Payments in Lieu of Taxes						\$83,526	\$83,526		\$83,526
96400 Bad debt - Tenant Rents									
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96900 Total Other General Expenses	\$0	\$0	\$10,937	\$0	\$0	\$85,655	\$96,592	\$0	\$96,592
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$0	\$24,560	\$546,913	\$30,858	\$55,220	\$2,454,176	\$3,111,747	\$0	\$3,111,747
97000 Excess of Operating Revenue over Operating Expenses	\$922	\$0	\$5,998,403	-\$13,358	\$0	\$807,423	\$6,799,390	-\$1,472,305	\$5,321,085
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized						\$96,572	\$96,572		\$96,572
97300 Housing Assistance Payments			\$5,256,971				\$5,256,971	-\$1,472,305	\$3,784,666
97350 HAP Portability-In			\$297,304				\$297,304		\$297,304
97400 Depreciation Expense			\$10,000			\$571,735	\$581,735		\$581,735
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
99000 Total Expenses	\$0	\$24,560	\$6,111,188	\$30,858	\$55,220	\$3,122,483	\$9,344,329	-\$1,472,305	\$7,872,024
10010 Operating Transfer In									
10020 Operating Transfer Out	-\$922					\$922	\$922		\$922
10030 Operating Transfers from/to Primary Government							-\$922		-\$922
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									

Cliffside Park Housing Authority (NJ070)
CLIFFSIDE PARK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2019

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$-922	\$0	\$0	\$0	\$0	\$922	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$0	\$434,128	\$-13,358	\$0	\$140,038	\$560,808	\$0	\$560,808
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$0	\$0	\$331,340	\$-14,924	\$2,348	\$10,139,317	\$10,458,081		\$10,458,081
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			\$-1,071,891	\$28,282		\$-3,021,174	\$-4,064,783		\$-4,064,783
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			\$-516,911				\$-516,911		\$-516,911
11180 Housing Assistance Payments Equity			\$210,488				\$210,488		\$210,488
11190 Unit Months Available	0		8412			4212	12624		12624
11210 Number of Unit Months Leased	0		5965			4212	10177		10177
11270 Excess Cash	\$0						\$0		\$0
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$0						\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0



CERTIFIED PUBLIC ACCOUNTANTS

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

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

Board of Commissioners
Housing Authority of the Borough of Cliffside Park
Cliffside Park, 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 Comptroller General of the United States, the financial statements of the Housing Authority of the Borough of Cliffside Park ("the Program") as of and for the year ended March 31, 2019 and the related notes to the financial statements, which collectively comprise the Housing Authority of the Borough of Cliffside Park's basic financial statements and have issued our report thereon dated October 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Borough of Cliffside Park's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the Housing Authority of the Borough of Cliffside Park's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program'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 internal control was for the limited purpose described in the first paragraph of this and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Borough of Cliffside Park'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 or other matters 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. The 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 29, 2019



CERTIFIED PUBLIC ACCOUNTANTS

2035 HAMBURG TURNPIKE, UNIT H

WAYNE, NEW JERSEY 07470

TELEPHONE: (973) 831-6969

FAX: (973) 831-6972

E-MAIL: POLCARICO@OPTONLINE.NET

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 Borough of Cliffside Park
Cliffside Park, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Borough of Cliffside Park'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 Housing Authority of the Borough of Cliffside Park's major federal programs for the year ended March 31, 2019. The Housing Authority of the Borough of Cliffside Park's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Borough of Cliffside Park 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, 2019.

Report on Internal Control Over Compliance

Management of the Housing Authority of the Borough of Cliffside Park 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 Borough of Cliffside Park'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 Housing Authority of the Borough of Cliffside Park's internal control over compliance.

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

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.

Purpose of this Report

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, the report is not suitable for any other purpose.

Polcari & Company

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 29, 2019

HOUSING AUTHORITY OF BOROUGH OF CLIFFSIDE PARK
Cliffside Park, New Jersey
March 31, 2019

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) 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:

Material Weakness(es) 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)
of the Uniform Guidance. _____ yes _____ X no

Identification of Major Programs

CFDA

Number	Name of Federal Program or Cluster
14.871	Housing Choice Voucher Program

Dollar Threshold used to distinguish between type A
and type B Programs

\$750,000

Auditee qualified as low-risk? _____ X yes _____ no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.