

**BOONTON HOUSING AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2019**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**BOONTON HOUSING AUTHORITY**  
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**YEAR ENDED SEPTEMBER 30, 2019**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of  
Boonton Housing Authority:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Boonton Housing Authority (the "Authority") as of and for the year ended September 30, 2019, and the related notes to the basic financial statements, as listed in the accompanying table of contents.

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

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of September 30, 2019, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021 on our consideration of the Authority'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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Novogradac & Company LLP*

January 5, 2021  
Toms River, New Jersey



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

BOONTON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 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 September 30, 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 Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$361,087 (net position) as opposed to \$332,757 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 (Deficit) of (\$1,265,382).
3. The Authority's cash and cash equivalents and restricted cash balance including tenant security deposits at September 30, 2019 was \$919,946, representing an increase of \$47,588 from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$2,884,560 and Total Operating Expenses of \$2,878,457 for the year ended September 30, 2019.
5. The Authority's capital outlays for the fiscal year were \$53,707.
6. The Authority's Expenditures of Federal Awards amounted to \$2,177,302.
7. The Authority adopted GASB 68 "*Accounting and Financial Reporting for Pensions*" during the year ended September 30, 2016. As of September 30, 2019, the Authority had incurred a net pension liability of \$644,527, \$93,557 in deferred outflows of resources and \$355,702 of deferred inflows of resources.
8. The Authority adopted GASB 75 "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*" during the year ended September 30, 2018. As of September 30, 2019, the Authority had incurred a net OPEB liability of \$605,645, \$329,614 in deferred outflows of resources and \$602,889 of deferred inflows of resources.

BOONTON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

B. Using the Annual Report

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and Notes to Financial Statements included in 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 Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

The Statement of Cash Flows presents relevant information about the Authority's cash receipts and cash payments during the year.

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 9 through 13.

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.

BOONTON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

B. Using the Annual Report (continued)

4. Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule of Expenditures of Federal Awards can be found on page 35 of this report. The Schedule of Required Pension Information and Schedule of Required OPEB Information is presented for additional analysis as required by Governmental Accounting Standards Board Statements No. 68 and No.75, respectively.

C. The Authority as a Whole

The Authority's Net Position increased during the fiscal year. 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 drawn down based on need against a pre-authorized funding level. The Authority's revenues were sufficient to cover all expenses during the fiscal year.

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 tenants consequently; these assets are not available for future spending. The unrestricted and restricted net position of the Authority is available for future use to provide program services.

D. Budgetary Highlights

The Authority is required by New Jersey State law to adopt an annual, entity wide operating and capital budget and submit it to the State of New Jersey Department of Community Affairs at least ninety days prior to the start of its fiscal year.

As indicated by the excess of revenues over expenses, the Authority's Net Position increased during the fiscal year.

E. Capital Assets and Debt Administration

As of September 30, 2019, the Authority's net investment in capital assets was \$1,510,773. This investment in capital assets includes land, buildings, equipment and construction in progress and is reduced by accumulated depreciation and debt related to capital asset acquisitions.



BOONTON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

E. Capital Assets and Debt Administration (continued)

Major capital assets purchased of \$53,707, during the fiscal year primarily pertained to expenditures made utilizing the Authority's reserves. Additional information on the Authority's capital assets can be found in Note 5 to the Financial Statements which is included in this Report.

During the fiscal year ended September 30, 2007 the Authority entered into a Capital Fund Leveraging Pool. The New Jersey Housing and Mortgage and Finance Agency issued bonds and the funds were distributed to the Authority. On July 24, 2007 the Authority received \$341,976 (\$355,000 bond, net of financing costs of \$13,024) to be used for capital improvements to its buildings. Further details can be found in Note 7 to the Financial Statements.

F. Significant Changes From Prior Year

Capital assets, net decreased \$182,517 as depreciation expense of \$236,224 exceeded acquisitions of \$53,707 for the year ended September 30, 2019.

Restricted cash increased from \$170,977 in 2018 to \$239,676 in 2019, or \$68,699. The increase was primarily due to an increase of Housing Assistance Payment reserves.

Long term debt decreased by \$20,000 as HUD drawdowns under the Capital Fund Leveraging Program were used to make required debt service payments.

Operating grants increased by \$89,175 as the Authority received more subsidy in the Capital Fund Program and Section 8 Housing Choice Vouchers Program in the amounts of \$13,546 and \$48,823, respectively. In addition, the Authority received more subsidy in the Public and Indian Housing Program and Resident Opportunity and Supportive Services in the amounts of \$7,426 and \$19,380, respectively.

Utilities expense increased by \$4,145, primarily as a result of moderate increases in electricity costs.

Ordinary maintenance and operations increased from \$143,129 in 2018 to \$169,833 in 2019, or \$26,704, primarily due to an increase in ordinary maintenance and operations contracts.

Housing assistance payments expense increased by \$76,943 as the Authority had an increase of 84 unit months leased during 2019.

BOONTON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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 September 30, 2019:

1. The state of the economy, particularly in light of current world affairs.
2. The need for Congress to fund the war on terrorism and the possible cut-back on HUD subsidies and grants.
3. The use of the Authority's program reserves to fund any shortfalls rising from a possible economic downturn and reduced subsidies and grants. The Authority's program reserves appear to be sufficient to cover any shortfall.

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 Town of Boonton, 125 Chestnut Street, Boonton, NJ 07005 or call (973) 335-0846.

I. Summarized Financial Data

	<u>As of</u>			<u>%</u>
	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>Variance</u>	<u>Change</u>
Cash and Other Assets	\$ 1,000,944	\$ 922,226	78,718	8.54%
Capital Assets - Net	1,695,773	1,878,290	(182,517)	-9.72%
Deferred Outflows of Resources	<u>423,171</u>	<u>181,181</u>	<u>241,990</u>	133.56%
Total Assets and Deferred Outflows	3,119,888	2,981,697	138,191	4.63%
Less: Total Liabilities	1,800,210	2,208,258	(408,048)	-18.48%
Less: Deferred Inflows of Resources	<u>958,591</u>	<u>440,682</u>	<u>517,909</u>	117.52%
Net Position	<u>361,087</u>	<u>332,757</u>	<u>28,330</u>	8.51%
Net Investment in Capital Assets	1,510,773	1,673,290	(162,517)	-9.71%
Restricted Net Position	115,696	46,173	69,523	150.57%
Unrestricted Net Position	<u>(1,265,382)</u>	<u>(1,386,706)</u>	<u>121,324</u>	-8.75%
Total Net Position	<u>\$ 361,087</u>	<u>\$ 332,757</u>	<u>28,330</u>	8.51%

BOONTON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

I. Summarized Financial Data (continued)

	<u>Year Ended</u>			<u>%</u>
	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>Variance</u>	<u>Change</u>
<u>Revenues</u>				
Tenant Revenues	\$ 483,145	\$ 493,463	\$ (10,318)	-2.09%
HUD Subsidies	2,198,575	2,109,400	89,175	4.23%
Other Revenues	<u>202,840</u>	<u>107,533</u>	<u>95,307</u>	88.63%
Total Operating Revenues	<u>2,884,560</u>	<u>2,710,396</u>	<u>174,164</u>	6.43%
<u>Expenses</u>				
Other Operating Expenses	965,739	1,001,560	(35,821)	-3.58%
Housing Assistance Payments	1,676,494	1,599,551	76,943	4.81%
Depreciation Expense	<u>236,224</u>	<u>228,326</u>	<u>7,898</u>	3.46%
Total Operating Expenses	<u>2,878,457</u>	<u>2,829,437</u>	<u>49,020</u>	1.73%
Operating Income (Loss)	<u>6,103</u>	<u>(119,041)</u>	<u>125,144</u>	-105.13%
<u>Non-Operating Income/(Expenses)</u>				
Interest Expense	(9,788)	(10,538)	750	-7.12%
Interest on Investments	<u>12,015</u>	<u>5,462</u>	<u>6,553</u>	119.97%
Income (Loss) before Capital Grants	8,330	(124,117)	132,447	-106.71%
<u>Capital Grants</u>				
HUD Capital Grants	<u>20,000</u>	<u>15,000</u>	<u>5,000</u>	33.33%
Change in Net Position	28,330	(109,117)	137,447	-125.96%
Net Position – Beginning of Year	<u>332,757</u>	<u>441,874</u>	<u>(109,117)</u>	-24.69%
Net Position – End of Year	<u>\$ 361,087</u>	<u>\$ 332,757</u>	<u>\$ 28,330</u>	8.51%

## **FINANCIAL STATEMENTS**



**BOONTON HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 680,270
Tenant security deposits	46,467
Accounts receivable, net	55,513
Other current assets	<u>25,485</u>
Total current assets	<u>807,735</u>
Non-current assets:	
Restricted cash	193,209
Capital assets, net	<u>1,695,773</u>
Total non-current assets	<u>1,888,982</u>
Total assets	<u>2,696,717</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	93,557
State of New Jersey S.H.B.P.	<u>329,614</u>
Total deferred outflows of resources	<u>423,171</u>
Total assets and deferred outflows of resources	<u>\$ 3,119,888</u>

See accompanying notes to financial statements.

**BOONTON HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION (continued)**  
**SEPTEMBER 30, 2019**

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 61,337
Accrued expenses	35,990
Accrued compensated absences, current	14,328
Tenant security deposits	46,467
Prepaid tenant rents	2,257
Bond payable, current	<u>20,000</u>
Total current liabilities	<u>180,379</u>
Non-current liabilities:	
Bonds payable, non-current	165,000
Accrued compensated absences, non-current	128,941
Family Self-Sufficiency Program escrows	75,718
Accrued pension liability	644,527
Accrued OPEB liability	<u>605,645</u>
Total non-current liabilities	<u>1,619,831</u>
Total liabilities	<u>1,800,210</u>

**DEFERRED INFLOWS OF RESOURCES**

State of New Jersey P.E.R.S.	355,702
State of New Jersey S.H.B.P.	<u>602,889</u>
Total deferred inflows of resources	<u>958,591</u>

**NET POSITION**

Net position:	
Net investment in capital assets	1,510,773
Restricted	115,696
Unrestricted	<u>(1,265,382)</u>
Total net position	<u>361,087</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,119,888</u>

See accompanying notes to financial statements.

**BOONTON HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Operating revenues:	
Tenant revenue	\$ 483,145
HUD operating grants	2,198,575
Other revenues	<u>202,840</u>
Total operating revenues	<u>2,884,560</u>
Operating expenses:	
Administrative	451,271
Tenant services	19,380
Utilities	225,023
Ordinary maintenance and operations	169,833
Insurance	39,710
General	60,522
Housing assistance payments	1,676,494
Depreciation	<u>236,224</u>
Total operating expenses	<u>2,878,457</u>
Operating income	<u>6,103</u>
Non-operating revenues (expenses):	
Investment income	12,015
Interest expense	<u>(9,788)</u>
Net non-operating revenues (expenses)	<u>2,227</u>
Income before capital grants	8,330
Capital grants	<u>20,000</u>
Change in net position	28,330
Net position, beginning of year	<u>332,757</u>
Net position, end of year	<u>\$ 361,087</u>

See accompanying notes to financial statements.

**BOONTON HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 672,297
Cash received from grantors	2,177,582
Cash paid to employees	(478,632)
Cash paid to vendors and suppliers	<u>(2,272,179)</u>
Net cash provided by operating activities	<u>99,068</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital grants	20,000
Purchase of capital assets	(53,707)
Principal payments on bonds payable	(20,000)
Interest paid on bonds payable	<u>(9,788)</u>
Net cash used in capital and related financing activities	<u>(63,495)</u>
Cash Flows from Investing Activities:	
Investment income	<u>12,015</u>
Net cash provided by investing activities	<u>12,015</u>
Net increase in cash and cash equivalents and restricted cash	47,588
Cash and cash equivalents and restricted cash, beginning of year	<u>872,358</u>
Cash and cash equivalents and restricted cash, end of year	<u><u>\$ 919,946</u></u>
Reconciliation of cash and cash equivalents and restricted cash to Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 680,270
Tenant security deposits	46,467
Restricted cash	<u>193,209</u>
Cash and cash equivalents and restricted cash, end of year	<u><u>\$ 919,946</u></u>

See accompanying notes to financial statements.



**BOONTON HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Reconciliation of operating income to net cash  
provided by operating activities:

Operating income	\$	6,103
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Adjustments to reconcile operating income to net cash  
provided by operating activities:

Depreciation		236,224
Bad debts		8,374

Changes in operating assets, deferred outflows of resources,  
liabilities, and deferred inflows of resources:

Accounts receivable, net		(36,816)
Prepaid expenses		(7,314)
Other assets		(2,688)
Deferred outflows of resources		(241,990)
Accrued expenses		(27,361)
Tenant security deposits		1,721
Prepaid rent		414
Accrued compensated absences		5,049
Accrued pension liability		(187,748)
Accrued OPEB liability		(172,809)
Deferred inflows of resources		<u>517,909</u>

Net cash provided by operating activities	\$	<u>99,068</u>
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See accompanying notes to financial statements.

**BOONTON HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Boonton Housing Authority (the "Authority") is a public body corporate and politic of the State of New Jersey (the "State") created by the Town of Boonton (the "Town") under Local Redevelopment and Housing Law (N.J.S.A 40A:12A-1, et seq) of the State. The Authority is responsible for operating low-rent housing programs in the Town under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of seven members who serve five-year terms. The governing board is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's Board to manage the day-to-day operations of the Authority.

**B. Basis of Accounting / Financial Statement Presentation**

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

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

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

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

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Reporting Entity**

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

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

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

**D. Description of Programs**

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

Public and Indian Housing Program

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

Section 8 Housing Choice Vouchers

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

Public Housing Capital Fund Program

The capital fund program provides funds annually, via a formula, to public housing agencies for capital and management activities including modernization and development of public housing units.

**E. Use of Management Estimates**

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

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Cash and Cash Equivalents**

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States, or the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities.

The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

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

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements. For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of nine months or less at time of purchase.

**G. Accounts Receivable, Net**

Rents are due from tenants on the first day of each month. As a result, tenants accounts receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation.

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

**H. Allowance for Doubtful Accounts**

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

**I. Prepaid Expenses**

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



**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Capital Assets, Net**

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

♦ Buildings	40 Years
♦ Site Improvements	15 Years
♦ Dwelling Equipment	3-7 Years

The Authority has established a capitalization threshold of \$1,000.

**K. Impairment of Long Lived Assets**

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended September 30, 2019, there were no impairment losses incurred.

**L. Inter-program Receivables and Payables**

Inter-program receivables and payables are current, and are the result of the use of the Business Activities fund as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes.

**M. Accounts Payable and Accrued Liabilities**

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

**N. Prepaid Rent**

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

**O. Compensated Absences**

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered. Employees may be compensated for accrued vacation leave in the event of retirement or termination of service. Employees may be compensated for sick leave at retirement at the rate of three days for every five days accumulated, payable at the salary rate earned at the time of separation. Employees may only accumulate and carry over to the following year the prior year's unused vacation. The Authority's sick leave policy allows employees to carry over unused sick leave without penalty.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**T. Operating Revenues and Expenses**

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue.

Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

**U. Taxes**

The Authority is a unit of local government under the State of New Jersey law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the Town.

**V. Budgets and Budgetary Accounting**

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards, which are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

**W. Economic Dependency**

The Section 8 Housing Choice Vouchers Program is economically dependent on receiving subsidies from HUD. The program operates at a loss prior to receiving such subsidies.

**X. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund ("JIF").

The JIF is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the year ended September 30, 2019.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

As of September 30, 2019, the Authority had funds on deposit in checking, savings, and certificate of deposit accounts. The carrying amount of the Authority's cash and cash equivalents (including restricted cash) was \$919,946, and the bank balances approximated \$959,694.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 680,270
Tenant security deposits	46,467
Restricted	<u>193,209</u>
Total cash and cash equivalents	<u>\$ 919,946</u>

Of the bank balances, \$500,078 was covered by federal depository insurance and the remaining \$459,616 was collateralized by GUDPA as of September 30, 2019.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of September 30, 2019, the Authority's bank balances were not exposed to custodial credit risk.

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following as of September 30, 2019:

<u>Description</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 20,993
Accounts receivable - tenants, net	5,414
Accounts receivable - fraud recovery	<u>29,106</u>
Total accounts receivable, net	<u>\$ 55,513</u>

Accounts receivable - HUD

As of September 30, 2019, accounts receivable - HUD represents amounts due from HUD for program grants and subsidy as part of the Authority's Public and Indian Housing Program. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$4,652.

Accounts Receivable - Fraud Recovery

Accounts receivable - fraud recovery represents amounts owed from tenants or other program participants who committed fraud or misrepresentation and now owe additional rent or retroactive rent. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.



**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 4. RESTRICTED DEPOSITS**

As of September 30, 2019, restricted deposits consisted of the following:

<u>Description</u>	<u>Amount</u>
Housing assistance payment reserve	\$ 115,696
Family Self Sufficiency program escrows	77,435
Tenant security deposits	46,467
Capital Fund Program Revenue Bond proceeds	<u>78</u>
Total restricted deposits	<u>\$ 239,676</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Section 8 Housing Choice Vouchers and Public and Indian Housing Program by FSS program participants.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the Authority, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

Capital Fund Program Revenue Bond proceeds consist of unspent proceeds from the 2004 Series A Capital Fund Program Revenue Bonds and are restricted for certain capital improvements in accordance with the Authority's approved annual plan.

**NOTE 5. CAPITAL ASSETS, NET**

The following is a summary of the changes in capital assets during the year ended September 30, 2019:

Description	September 30, 2018	Additions	Dispositions	Transfers	September 30, 2019
<u>Non-depreciable:</u>					
Land	\$ 215,955	\$ -	\$ -	\$ -	\$ 215,955
Subtotal	<u>215,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,955</u>
<u>Depreciable:</u>					
Buildings and improvements	6,341,717	20,100	-	-	6,361,817
Furniture and equipment	537,410	33,607	-	-	571,017
Subtotal	<u>6,879,127</u>	<u>53,707</u>	<u>-</u>	<u>-</u>	<u>6,932,834</u>
Less: accumulated depreciation	<u>5,216,792</u>	<u>236,224</u>	<u>-</u>	<u>-</u>	<u>5,453,016</u>
Net capital assets	<u>\$ 1,878,290</u>	<u>\$ (182,517)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,695,773</u>

Depreciation expense for the year ended September 30, 2019 amounted to \$236,224.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 6. ACCOUNTS PAYABLE**

As of September 30, 2019, accounts payable consisted of the following:

<u>Description</u>	<u>Amount</u>
Accounts payable - vendors	\$ 31,998
Accounts payable - HUD	3,527
Accounts payable - other governments	<u>25,812</u>
Total accounts payable	<u>\$ 61,337</u>

Accounts Payable - Vendors

Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - HUD

As of September 30, 2019, accounts payable - HUD consisted of amounts payable to the Department of Housing and Urban Development for overpayment of subsidy in the Section 8 Housing Choice Vouchers Program.

Accounts Payable - Other Governments

Accounts payable - other governments represents amounts due and payable to the town for payments in lieu of taxes.

**NOTE 7. BONDS PAYABLE**

During 2007, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2007 Series A on July 24, 2007 and collateralized with the Authority's capital fund grant allocations. The Authority's share of the funds from the bond issue pool amounted to \$355,000. Interest accrues at 4.63% and is payable semi-annually with principal on May 1st and November 1st. Repayment of the funds shall be paid solely from Capital Fund allocations received by the Authority from the Department of Housing and Urban Development. The outstanding principal and accrued interest for the year ended September 30, 2019 totaled \$185,000 and \$3,419, respectively. The current portion of the bonds payable amounted to \$20,000.

Annual debt service for principal and interest over the next five years and thereafter is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 20,000	\$ 9,085	\$ 29,085
2021	20,000	8,046	28,046
2022	20,000	7,053	27,053
2023	20,000	5,962	25,962
2024	20,000	4,601	24,601
2025-2027	<u>85,000</u>	<u>6,762</u>	<u>91,762</u>
	<u>\$ 185,000</u>	<u>\$ 41,509</u>	<u>\$ 226,509</u>

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 8. NON-CURRENT LIABILITIES**

Non-current liabilities as of September 30, 2019 consisted of the following:

Description	September 30, 2018	Additions	Retirements /Payments	September 30, 2019	Amounts due within one year
Bonds payable	\$ 205,000	\$ -	\$ (20,000)	\$ 185,000	\$ 20,000
Accrued compensated absences	133,958	41,562	(32,251)	143,269	14,328
FSS Program escrows	79,980	-	(4,262)	75,718	-
Accrued pension liability	832,275	-	(187,748)	644,527	-
Accrued OPEB liability	<u>778,454</u>	<u>-</u>	<u>(172,809)</u>	<u>605,645</u>	<u>-</u>
Total non-current liabilities	<u>\$ 2,029,667</u>	<u>\$ 41,562</u>	<u>\$(417,070)</u>	<u>\$ 1,654,159</u>	<u>\$ 34,328</u>

**NOTE 9. PENSION PLAN**

**A. Plan Description**

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

**B. Benefits**

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

Early retirement benefits are available to tiers one and two before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month a member retires prior to the age at which a member can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 9. PENSION PLAN (continued)**

**C. Contributions**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by all active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on the actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

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

At September 30, 2019, the Authority reported a liability of \$644,527, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2018, and rolled forward to June 30, 2019.

For the year ended September 30, 2019, the Authority recognized pension benefit of \$22,770. At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of Assumptions	\$ 64,358	\$ 223,713
Changes in Proportion	17,631	118,968
Differences between expected and actual experience	11,568	2,847
Net differences between actual and projected earnings on pension plan investments	<u>-</u>	<u>10,174</u>
Total	<u>\$ 93,557</u>	<u>\$ 355,702</u>

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

Year ending September 30:	<u>Amount</u>
2020	\$ (30,339)
2021	(98,420)
2022	(87,883)
2023	(41,266)
2024	<u>(4,237)</u>
	<u>\$ (262,145)</u>



**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 9. PENSION PLAN (continued)**

**E. Actuarial Assumptions**

The collective total pension liability at the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

Pre-mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial adjustments used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**F. Long-Term Expected Rate of Return**

The long-term expected rate of return is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class, including the PERS's target asset allocation as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 9. PENSION PLAN (continued)**

**G. Discount Rate**

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.28 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.28 percent) or 1 percentage point higher (7.28 percent) than the current rate.

	1% Decrease (5.28%)	Discount Rate (6.28%)	1% Increase (7.28%)
Authority's proportionate share of the net pension liability	\$ <u>819,806</u>	\$ <u>644,527</u>	\$ <u>505,092</u>

**NOTE 10. OTHER POST-RETIREMENT BENEFITS PLAN**

**A. Plan Description**

The SHBP is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Division. It covers employees of local government employers that have adopted a resolution to participate in the SHBP. For additional information about SHBP, please refer to the Division's Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**B. Benefits**

SHBP provides medical and prescription drug to retirees and their covered dependents of the employers. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 10. OTHER POST-RETIREMENT BENEFITS PLAN (continued)**

**B. Benefits (continued)**

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of services credit in a State of locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At September 30, 2019, the Authority reported a liability of \$605,645, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and rolled forward to June 30, 2019.

For the year ended September 30, 2019, the Authority recognized OPEB benefit of \$61,868. At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 214,627
Changes in Proportion	314,475	211,148
Differences between expected and actual experience	-	177,114
Net differences between projected and actual investment earnings on OPEB plan investments	499	-
Contributions paid subsequent to the measurement date	14,640	-
Total	<u>\$ 329,614</u>	<u>\$ 602,889</u>

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 10. OTHER POST-RETIREMENT BENEFITS PLAN (continued)**

**C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

	<u>Amount</u>
Year ending September 30:	
2020	\$ (44,508)
2021	(44,508)
2022	(44,535)
2023	(44,579)
2024	(44,619)
Thereafter	<u>(50,526)</u>
	<u>\$ (273,275)</u>

**D. Actuarial Assumptions**

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

Inflation Rate	2.50%
Salary increases:	
Through 2026	2.00 to 6.00% based on years of service
Thereafter	3.00 to 7.00% based on years of service

Mortality rates were based on the Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using the MP-2019 scale.

Certain actuarial assumptions used in the July 1, 2018 valuation were based on the results of the pension plans' experience studies prepared for July 1, 2014 to June 30, 2018. 100% of active members are considered to participate in the SHBP upon retirement.

**E. Discount Rate**

The discount rate used to measure the total OPEB liability was 3.50% as of June 30, 2019. This represents the municipal bond return rate chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 10. OTHER POST-RETIREMENT BENEFITS PLAN (continued)**

**F. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 3.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Authority's proportionate share of the net OPEB liability	\$ <u>700,280</u>	\$ <u>605,645</u>	\$ <u>528,742</u>

**G. Healthcare Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% trend rate after eight years.

**H. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rate**

The following presents the Authority's proportionate share of the net OPEB liability calculated using the healthcare trend rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the net OPEB liability	\$ <u>511,090</u>	\$ <u>605,645</u>	\$ <u>726,266</u>

**NOTE 11. RESTRICTED NET POSITION**

Restricted net position consists of housing assistance payments reserves totaling \$115,696 as of September 30, 2019. Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

**NOTE 12. CONTINGENCIES**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of September 30, 2019, the Authority estimates that no material liabilities will result from such audits.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2019**

**NOTE 13.      SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Subsequent events have been evaluated through January 5, 2021, which is the date the financial statements were available to be issued. The spread of a novel strain of coronavirus ("COVID-19") in 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on tenants, employees and vendors, all of which are uncertain and cannot be determined at this time.



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

To the Board of Commissioners of  
Boonton Housing Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Boonton Housing Authority (the "Authority") which comprise the statement of net position as of September 30, 2019, and the related statements of revenues, expenses and change in net position, and cash flows for the year then ended and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 5, 2021.

**Internal Control Over Financial Reporting**

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

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

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



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Novogradac & Company LLP*

January 5, 2021  
Toms River, New Jersey



NOVOGRADAC  
& COMPANY LLP®

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners of  
Boonton Housing Authority:

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

We have audited Boonton Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the State of New Jersey OMB Circular 15-08 that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2019. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. 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 Authority'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 Authority's compliance.

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www.novoco.com | 732.503.4257

### **Opinion on Each Major Federal Program**

In our opinion, the Authority 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 September 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control 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 and the State of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

*Novogradac & Company LLP*

January 5, 2021  
Toms River, New Jersey

**SUPPLEMENTAL INFORMATION**



**BOONTON HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Federal Grantor/Program Title	Federal CFDA Number	State Pass- through Number	Grant Period		Grant Award	Fiscal Year Expenditures	Cumulative Expenditures
			From	To			
<u>U.S. Department of Housing and Urban Development</u>							
Housing Voucher Cluster							
Section 8 Housing Choice Voucher	14.871	N/A	1/1/2019	12/31/2019	<u>\$1,887,808</u>	<u>\$1,846,535</u>	<u>\$1,846,535</u>
Total Housing Voucher Cluster					1,887,808	1,846,535	1,846,535
Public and Indian Housing Program	14.850	N/A	1/1/2018	12/31/2019	534,756	184,967	468,015
Public Housing Capital Fund Program	14.872	N/A	1/1/2019	12/31/2019	203,912	126,420	166,781
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	N/A	1/1/2019	12/31/2019	<u>69,380</u>	<u>19,380</u>	<u>69,380</u>
Total Expenditures of Federal Awards					<u>\$2,695,856</u>	<u>\$2,177,302</u>	<u>\$2,550,711</u>

See accompanying notes to the schedule of expenditures of federal awards.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended September 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey OMB Circular 15-08. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance and the State of New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3. INDIRECT COST RATE**

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

**NOTE 4. SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES**

	<u>501-15</u>	<u>501-16</u>	<u>501-17</u>	<u>501-18</u>	<u>Total</u>
Budget	\$ <u>77,376</u>	\$ <u>80,572</u>	\$ <u>83,587</u>	\$ <u>120,325</u>	\$ <u>361,860</u>
<u>Advances:</u>					
Cumulative through 09/30/2018	\$ 72,073	\$ 50,450	\$ 71,000	\$ -	\$ 193,523
Current year	<u>5,303</u>	<u>25,336</u>	<u>3,502</u>	<u>92,279</u>	<u>126,420</u>
Cumulative through 09/30/2019	<u>77,376</u>	<u>75,786</u>	<u>74,502</u>	<u>92,279</u>	<u>319,943</u>
<u>Costs:</u>					
Cumulative through 09/30/2018	72,073	50,450	71,000	-	193,523
Current year	<u>5,303</u>	<u>25,336</u>	<u>3,502</u>	<u>92,279</u>	<u>126,420</u>
Cumulative through 09/30/2019	<u>77,376</u>	<u>75,786</u>	<u>74,502</u>	<u>92,279</u>	<u>319,943</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Public Housing Capital Fund Grant NJP052501-15 with approved funding of \$77,376 has been fully drawn down and expended as per Capital Fund Grant Regulations.

**BOONTON HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2019**

**I. Summary of Auditors' Results**

**Financial Statements**

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditors' report issued:   | Unmodified    |
| 2. | Internal control over financial reporting  |               |
| a. | Material weakness(es) identified?  | No            |
| b. | Significant deficiency(ies) identified not considered to be a material weakness? | None Reported |
| 3. | Noncompliance material to the financial statements?                              | No            |

**Federal Awards**

- |                    |   |                    |                                |        |                                   |  |
|--------------------|---|--------------------|--------------------------------|--------|-----------------------------------|--|
| 1.                 | Internal control over compliance:   |                    |                                |        |                                   |  |
| a.                 | Material weakness(es) identified?   | No                 |                                |        |                                   |  |
| b.                 | Significant deficiency(ies) identified not considered to be a material weakness?  | None Reported      |                                |        |                                   |  |
| 2.                 | Type of auditors' report on compliance for major programs:  | Unmodified         |                                |        |                                   |  |
| 3.                 | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  | No                 |                                |        |                                   |  |
| 4.                 | Identification of major programs:   |                    |                                |        |                                   |  |
|                    | <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>CFDA Number</u></td> <td style="text-align: center;"><u>Name of Federal Program</u></td> </tr> <tr> <td style="text-align: center;">14.871</td> <td style="text-align: center;">Section 8 Housing Choice Vouchers</td> </tr> </table> | <u>CFDA Number</u> | <u>Name of Federal Program</u> | 14.871 | Section 8 Housing Choice Vouchers |  |
| <u>CFDA Number</u> | <u>Name of Federal Program</u>  |                    |                                |        |                                   |  |
| 14.871             | Section 8 Housing Choice Vouchers   |                    |                                |        |                                   |  |
| 5.                 | Dollar threshold used to distinguish between Type A and Type B Programs:  | \$750,000          |                                |        |                                   |  |
| 6.                 | Auditee qualified as low-risk Auditee?  | No                 |                                |        |                                   |  |



**BOONTON HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
SEPTEMBER 30, 2019**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questions costs relating to federal awards.

IV. Summary of Prior Audit Findings

**Finding 2019-001**

Observation: Of a sample size of 11 tenant files, the following information was unavailable for examination at the time of audit:

- The original application was missing in 1 file
- Citizenship declaration forms were missing in 2 files
- Lead based paint forms were missing in 3 files
- Signed lease was missing in 3 files
- Rent reasonableness documentation was missing in 1 file
- Annual inspection report was missing in 1 file

Status: The finding has been cleared.

**BOONTON HOUSING AUTHORITY  
REQUIRED PENSION INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

	September 30, 2014	September 30, 2015	September 30, 2016	September 30, 2017	September 30, 2018	September 30, 2019
Contractually required contribution	\$ 32,652	\$ 34,805	\$ 36,790	\$ 38,856	\$ 42,045	\$ 34,794
Contributions in relation to the contractually required contribution	<u>32,652</u>	<u>34,805</u>	<u>36,790</u>	<u>38,856</u>	<u>42,045</u>	<u>34,794</u>
(Over) / under funded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	<u>\$ 301,681</u>	<u>\$ 323,988</u>	<u>\$ 322,793</u>	<u>\$ 324,294</u>	<u>\$ 338,095</u>	<u>\$ 325,768</u>
Contributions as a percentage of covered-employee payroll	<u>10.82 %</u>	<u>10.74 %</u>	<u>11.40 %</u>	<u>11.98 %</u>	<u>12.44 %</u>	<u>10.68 %</u>

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

	September 30, 2014	September 30, 2015	September 30, 2016	September 30, 2017	September 30, 2018	September 30, 2019
Authority's proportion of the net pension liability	<u>0.0040 %</u>	<u>0.0040 %</u>	<u>0.0041 %</u>	<u>0.0042 %</u>	<u>0.0042 %</u>	<u>0.0036 %</u>
Authority's proportionate share of the net pension liability	<u>\$ 741,564</u>	<u>\$ 908,775</u>	<u>\$ 1,226,510</u>	<u>\$ 976,373</u>	<u>\$ 644,527</u>	<u>\$ 644,527</u>
Authority's covered-employee payroll	<u>\$ 301,681</u>	<u>\$ 323,988</u>	<u>\$ 322,793</u>	<u>\$ 324,294</u>	<u>\$ 338,095</u>	<u>\$ 325,768</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>245.81 %</u>	<u>280.50 %</u>	<u>379.97 %</u>	<u>301.08 %</u>	<u>190.63 %</u>	<u>197.85 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.08 %</u>	<u>47.93 %</u>	<u>40.14 %</u>	<u>48.10 %</u>	<u>53.60 %</u>	<u>56.30 %</u>

\*\*\* Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.  
See Report of Independent Auditors.

**BOONTON HOUSING AUTHORITY**  
**REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

	September 30, 2017	September 30, 2018	September 30, 2019
Statutorily required contribution	\$ 63,785 \$	68,942 \$	57,945
Contributions in relation to the statutorily required contribution	<u>63,785</u>	<u>68,942</u>	<u>57,945</u>
Contribution deficiency (excess)	\$ <u>-</u> \$	<u>-</u> \$	<u>-</u>
Authority's covered-employee payroll	\$ <u>324,294</u> \$	<u>338,095</u> \$	<u>325,768</u>
Contributions as a percentage of covered- employee payroll	<u>19.67</u> %	<u>20.39</u> %	<u>17.79</u> %

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

	September 30, 2017	September 30, 2018	September 30, 2019
Authority's proportion of the net OPEB liability	<u>0.0038</u> %	<u>0.0042</u> %	<u>0.0045</u> %
Authority's proportionate share of the net OPEB liability	\$ <u>914,957</u> \$	<u>778,454</u> \$	<u>605,645</u>
Authority's covered-employee payroll	\$ <u>324,294</u> \$	<u>338,095</u> \$	<u>325,768</u>
Authority's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	<u>282.14</u> %	<u>230.25</u> %	<u>185.91</u> %
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.03</u> %	<u>1.97</u> %	<u>1.98</u> %

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

See Report of Independent Auditors.

## Boonton Housing Authority (NJ052)

Boonton, NJ

Submission Type: Audited/Single Audit

## Entity Wide Balance Sheet Summary

Fiscal Year End: 09/30/2019

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	14,871 Housing Choice Vouchers	14,877 Public Housing Family Self-Sufficiency under ROSS	Total
111 Cash - Unrestricted	\$496,212		\$184,056		\$680,270
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$78		\$191,414		\$191,492
114 Cash - Tenant Security Deposits	\$46,467				\$46,467
115 Cash - Restricted for Payment of Current Liabilities			\$1,717		\$1,717
100 Total Cash	\$542,757	\$0	\$377,189	\$0	\$919,946
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$20,993				\$20,993
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$10,066				\$10,066
126.1 Allowance for Doubtful Accounts - Tenants	-\$4,652				-\$4,652
126.2 Allowance for Doubtful Accounts - Other	\$0				\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$29,106				\$29,106
128.1 Allowance for Doubtful Accounts - Fraud	\$0				\$0
129 Accrued Interest Receivable	\$1,932		\$17		\$1,949
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$57,445	\$0	\$17	\$0	\$57,462
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$23,536				\$23,536
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$623,736	\$0	\$377,206	\$0	\$1,000,944
161 Land	\$215,955				\$215,955
162 Buildings	\$6,361,817				\$6,361,817
163 Furniture, Equipment & Machinery - Dwellings	\$267,100	\$173,851			\$440,951
164 Furniture, Equipment & Machinery - Administration	\$130,066				\$130,066
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$5,418,248	-\$34,768			-\$5,453,016
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,556,690	\$139,083	\$0	\$0	\$1,695,773
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	\$1,556,690	\$139,083	\$0	\$0	\$1,695,773
200 Deferred Outflow of Resources	\$251,255		\$171,916		\$423,171
290 Total Assets and Deferred Outflow of Resources	\$2,431,683	\$139,083	\$549,122	\$0	\$3,119,888



Boonton Housing Authority (NJ052)

Boonton, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 09/30/2019

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self- Sufficiency under ROSS	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$31,948		\$50		\$31,998
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$9,536				\$9,536
322 Accrued Compensated Absences - Current Portion	\$7,167		\$7,141		\$14,328
324 Accrued Contingency Liability					
325 Accrued Interest Payable	\$3,419				\$3,419
331 Accounts Payable - HUD PHA Programs			\$3,527		\$3,527
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$25,812				\$25,812
341 Tenant Security Deposits	\$46,467				\$46,467
342 Unearned Revenue	\$2,257				\$2,257
344 Current Portion of Long-term Debt - Operating Borrowings	\$20,000				\$20,000
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$23,035				\$23,035
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$169,661	\$0	\$10,718	\$0	\$180,379
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$165,000				\$165,000
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other			\$75,718		\$75,718
354 Accrued Compensated Absences - Non Current	\$64,680		\$64,261		\$128,941
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$781,094		\$469,078		\$1,250,172
350 Total Non-Current Liabilities	\$1,010,774	\$0	\$609,057	\$0	\$1,619,831
300 Total Liabilities	\$1,180,435	\$0	\$619,775	\$0	\$1,800,210
400 Deferred Inflow of Resources	\$589,087		\$369,504		\$958,591
508.4 Net Investment in Capital Assets	\$1,371,690	\$139,083			\$1,510,773
511.4 Restricted Net Position			\$115,696		\$115,696
512.4 Unrestricted Net Position	-\$709,529	\$0	-\$555,853	\$0	-\$1,265,382
513 Total Equity - Net Assets / Position	\$662,161	\$139,083	-\$440,157	\$0	\$361,087
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,431,683	\$139,083	\$549,122	\$0	\$3,119,888

# Boonton Housing Authority (NJ052)

Boonton, NJ

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

## Entity Wide Revenue and Expense Summary

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	Total
70300 Net Tenant Rental Revenue	\$476,065				\$476,065
70400 Tenant Revenue - Other	\$7,080				\$7,080
70500 Total Tenant Revenue	\$483,145	\$0	\$0	\$0	\$483,145
70600 HUD PHA Operating Grants	\$291,387		\$1,687,808	\$19,380	\$2,198,575
70610 Capital Grants	\$20,000				\$20,000
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$10,917		\$1,098		\$12,015
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$4,468		\$2,041		\$6,509
71500 Other Revenue	\$150,785		\$45,546		\$196,331
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$960,702	\$0	\$1,936,493	\$19,380	\$2,916,575
91100 Administrative Salaries	\$163,442		\$79,609		\$243,051
91200 Auditing Fees	\$7,576		\$3,404		\$10,980
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$63,842		\$24,995		\$88,837
91600 Office Expenses	\$62,076		\$38,190		\$100,266
91700 Legal Expense	\$5,058		\$2,168		\$7,226
91800 Travel	\$638		\$273		\$911
91610 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$302,632	\$0	\$148,639	\$0	\$451,271
92000 Asset Management Fee					
92100 Tenant Services - Salaries				\$19,380	\$19,380
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$0	\$0	\$19,380	\$19,380
93100 Water	\$48,147				\$48,147
93200 Electricity	\$57,112				\$57,112
93300 Gas	\$62,893				\$62,893
93400 Fuel					
93500 Labor	\$25,550				\$25,550
93600 Sewer	\$22,316				\$22,316
93700 Employee Benefit Contributions - Utilities	\$9,005				\$9,005
93800 Other Utilities Expense					
93000 Total Utilities	\$225,023	\$0	\$0	\$0	\$225,023
94100 Ordinary Maintenance and Operations - Labor	\$46,998				\$46,998
94200 Ordinary Maintenance and Operations - Materials and Other	\$36,437				\$36,437
94300 Ordinary Maintenance and Operations Contracts	\$68,388				\$68,388
94500 Employee Benefit Contributions - Ordinary Maintenance	\$18,010				\$18,010
94000 Total Maintenance	\$169,833	\$0	\$0	\$0	\$169,833
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0

See report of independent auditors.



Boonton Housing Authority (NJ052)

Boonton, NJ

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

Entity Wide Revenue and Expense Summary

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	Total
96110 Property Insurance	\$18,465				\$18,465
96120 Liability Insurance	\$9,233				\$9,233
96130 Workmen's Compensation	\$9,232		\$2,780		\$12,012
96140 All Other Insurance					
96100 Total Insurance Premiums		\$0	\$2,780	\$0	\$39,710
96200 Other General Expenses	\$7,714		\$513		\$8,227
96210 Compensated Absences			\$18,109		\$18,109
96300 Payments in Lieu of Taxes	\$25,812				\$25,812
96400 Bad debt - Tenant Rents	\$8,374				\$8,374
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96600 Severance Expenses					
96000 Total Other General Expenses	\$41,900	\$0	\$18,622	\$0	\$60,522
96710 Interest of Mortgage (or Bonds) Payable	\$9,788				\$9,788
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$9,788	\$0	\$0	\$0	\$9,788
96900 Total Operating Expenses	\$786,106	\$0	\$170,041	\$19,380	\$975,527
97000 Excess of Operating Revenue over Operating Expenses	\$174,596	\$0	\$1,766,452	\$0	\$1,941,048
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$1,663,376		\$1,663,376
97350 HAP Portability-In			\$13,118		\$13,118
97400 Depreciation Expense	\$227,532	\$8,692			\$236,224
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,013,638	\$8,692	\$1,846,535	\$19,380	\$2,888,245
10010 Operating Transfer In	\$95,780				\$95,780
10020 Operating transfer Out	-\$95,780				-\$95,780
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$52,936	-\$8,692	\$89,958	\$0	\$28,330
11020 Required Annual Debt Principal Payments	\$20,000	\$0	\$0	\$0	\$20,000
11030 Beginning Equity	\$715,097	\$147,775	-\$530,115	\$0	\$332,757
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0		\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity			-\$555,853		-\$555,853
11180 Housing Assistance Payments Equity			\$115,696		\$115,696
11190 Unit Months Available	888	0	1908		2796
11210 Number of Unit Months Leased	876	0	1810		2686