

BOONTON HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2020
WITH
REPORT OF INDEPENDENT AUDITORS

**BOONTON HOUSING AUTHORITY
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YEAR ENDED SEPTEMBER 30, 2020**

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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, 2020, and the related notes to the 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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Basis for Qualified Opinion

We were unable to obtain sufficient audit evidence for the balances of the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense relating to the Authority's defined benefit OPEB plan because the OPEB plan for the year ended September 30, 2020 had not yet been audited. Accordingly, the Authority's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are reported at their 2019 amounts. We were unable to obtain sufficient appropriate audit evidence for the balances of the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense relating to the defined benefit OPEB plan by other auditing procedures. Because the audited actuarial report for the OPEB plan has not been released, it is not practicable to quantify the financial effects of this matter.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the net position of the Authority, as of September 30, 2020, 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 December 28, 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

December 28, 2021
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020. 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 \$198,836 (net position) as opposed to \$361,087 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 (\$1,406,755).
3. The Authority's cash and cash equivalents and restricted cash balance including tenant security deposits at September 30, 2020 was \$818,312, representing a decrease of \$101,634 from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$2,922,870 and Total Operating Expenses of \$3,260,674 for the year ended September 30, 2020.
5. The Authority's capital outlays for the fiscal year were \$135,303.
6. The Authority's Expenditures of Federal Awards amounted to \$2,641,712.
7. As of September 30, 2020, the Authority had incurred a net pension liability of \$715,024, \$215,708 in deferred outflows of resources and \$392,626 of deferred inflows of resources.
8. The amounts related to OPEB deferred outflows of resources and deferred inflows of resources, and the OPEB liability remain unchanged from 2019 due to the State of New Jersey's actuarial valuation of the State of New Jersey Public Employees Retirement System OPEB Plan not being available as of the date of this report.

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 10 through 14.

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, 2020

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 37 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, 2020, the Authority's net investment in capital assets was \$1,605,591. 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, 2020

E. Capital Assets and Debt Administration (continued)

Major capital assets purchased of \$135,303, 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 \$90,183 as depreciation expense of \$225,486 exceeded acquisitions of \$135,303 for the year ended September 30, 2020.

Restricted deposits decreased from \$239,676 in 2019 to \$208,972 in 2020, or \$30,704. The decrease was primarily due to a decrease of Housing Assistance Payment reserves which was offset by an increase in unspent Cares Act funding.

Long term debt decreased by \$185,000 as HUD drawdowns under the Capital Fund Leveraging Program were used to make required debt service payments and pay the remaining balance in full.

Operating grants increased by \$197,704 as the Authority received more subsidy in the Capital Fund Program and Section 8 Housing Choice Vouchers Program in the amounts of \$25,338 and \$82,930, respectively. In addition, the Authority received more subsidy in the Resident Opportunity and Supportive Services in the amount of \$86,000.

Utilities expense increased by \$2,036, primarily as a result of moderate increases in electricity costs.

Ordinary maintenance and operations increased from \$169,833 in 2019 to \$196,304 in 2020, or \$26,471, primarily due to an increase in ordinary maintenance and operations contracts.

Housing assistance payments expense increased by \$245,958 as the Authority had an increase of 72 unit months leased during 2020.

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020:

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	\$ 897,045	\$ 1,000,944	(103,899)	-10.30%
Capital Assets - Net	1,605,591	1,695,773	(90,182)	-5.32%
Deferred Outflows of Resources	<u>545,322</u>	<u>423,171</u>	<u>122,151</u>	28.87%
Total Assets and Deferred Outflows	3,047,958	3,119,888	(71,930)	-2.30%
Less: Total Liabilities	1,853,607	1,800,210	53,397	2.97%
Less: Deferred Inflows of Resources	<u>995,515</u>	<u>958,591</u>	<u>36,924</u>	3.85%
Net Position	<u>198,836</u>	<u>361,087</u>	<u>(162,251)</u>	-44.90%
Net Investment in Capital Assets	1,605,591	1,510,773	94,818	6.28%
Restricted Net Position	-	115,696	(115,696)	-100%
Unrestricted Net Position	<u>(1,406,755)</u>	<u>(1,265,382)</u>	<u>(141,373)</u>	11.10%
Total Net Position	<u>\$ 198,836</u>	<u>\$ 361,087</u>	<u>(162,251)</u>	-44.90%

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	\$ 466,230	\$ 483,145	\$ (16,915)	-3.50%
HUD Subsidies	2,396,279	2,198,575	197,704	8.99%
Other Revenues	<u>60,361</u>	<u>202,840</u>	<u>(142,479)</u>	-70.20%
Total Operating Revenues	<u>2,922,870</u>	<u>2,884,560</u>	<u>38,310</u>	1.30%
<u>Expenses</u>				
Other Operating Expenses	1,112,736	965,739	146,997	15.22%
Housing Assistance Payments	1,922,452	1,676,494	245,958	14.67%
Depreciation Expense	<u>225,486</u>	<u>236,224</u>	<u>(10,738)</u>	-4.55%
Total Operating Expenses	<u>3,260,674</u>	<u>2,878,457</u>	<u>382,217</u>	13.28%
Operating Income (Loss)	<u>(337,804)</u>	<u>6,103</u>	<u>(343,907)</u>	-5635.5%
<u>Non-Operating Income/(Expenses)</u>				
Interest Expense	(15,111)	(9,788)	(5,323)	54.38%
Interest on Investments	<u>5,664</u>	<u>12,015</u>	<u>(6,351)</u>	-52.80%
Income (Loss) before Capital Grants	(347,251)	8,330	(355,581)	-4,268.6%
<u>Capital Grants</u>				
HUD Capital Grants	<u>185,000</u>	<u>20,000</u>	<u>165,000</u>	825.00%
Change in Net Position	(162,251)	28,330	(190,581)	-672.70%
Net Position – Beginning of Year	<u>361,087</u>	<u>332,757</u>	<u>28,330</u>	8.51%
Net Position – End of Year	<u>\$ 198,836</u>	<u>\$ 361,087</u>	<u>\$ (162,251)</u>	-44.90%

FINANCIAL STATEMENTS

BOONTON HOUSING AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$ 609,340
Tenant security deposits	51,772
Accounts receivable, net	68,160
Other current assets	<u>10,573</u>
Total current assets	<u>739,845</u>
Non-current assets:	
Restricted cash	157,200
Capital assets, net	<u>1,605,591</u>
Total non-current assets	<u>1,762,791</u>
Total assets	<u>2,502,636</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	215,708
State of New Jersey S.H.B.P.	<u>329,614</u>
Total deferred outflows of resources	<u>545,322</u>
Total assets and deferred outflows of resources	<u>\$ 3,047,958</u>

See accompanying notes to financial statements.

BOONTON HOUSING AUTHORITY
STATEMENT OF NET POSITION (continued)
SEPTEMBER 30, 2020

LIABILITIES

Current liabilities:	
Accounts payable	\$ 112,487
Accrued expenses	31,907
Accrued compensated absences, current	17,707
Tenant security deposits	51,772
Prepaid tenant rents	<u>72,514</u>
Total current liabilities	<u>286,387</u>
Non-current liabilities:	
Accrued compensated absences, non-current	159,360
Family Self-Sufficiency Program escrows	87,191
Accrued pension liability	715,024
Accrued OPEB liability	<u>605,645</u>
Total non-current liabilities	<u>1,567,220</u>
Total liabilities	<u>1,853,607</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	392,626
State of New Jersey S.H.B.P.	<u>602,889</u>
Total deferred inflows of resources	<u>995,515</u>

NET POSITION

Net position:	
Net investment in capital assets	1,605,591
Unrestricted	<u>(1,406,755)</u>
Total net position	<u>198,836</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,047,958</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, 2020**

Operating revenues:	
Tenant revenue	\$ 466,230
HUD operating grants	2,396,279
Other revenues	<u>60,361</u>
Total operating revenues	<u>2,922,870</u>
Operating expenses:	
Administrative	432,211
Tenant services	110,598
Utilities	227,059
Ordinary maintenance and operations	196,304
Insurance	54,147
General	92,417
Housing assistance payments	1,922,452
Depreciation	<u>225,486</u>
Total operating expenses	<u>3,260,674</u>
Operating loss	<u>(337,804)</u>
Non-operating revenues (expenses):	
Investment income	5,664
Interest expense	<u>(15,111)</u>
Net non-operating revenues (expenses)	<u>(9,447)</u>
Loss before capital grants	(347,251)
Capital grants	<u>185,000</u>
Change in net position	(162,251)
Net position, beginning of year	<u>361,087</u>
Net position, end of year	<u>\$ 198,836</u>

See accompanying notes to financial statements.

BOONTON HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 588,937
Cash received from grantors	2,362,351
Cash paid to employees	(381,061)
Cash paid to vendors and suppliers	<u>(2,527,111)</u>
Net cash provided by operating activities	<u>43,116</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital grants	185,000
Purchase of capital assets	(135,303)
Principal payments on bonds payable	(185,000)
Interest paid on bonds payable	<u>(15,111)</u>
Net cash used in capital and related financing activities	<u>(150,414)</u>
Cash Flows from Investing Activities:	
Investment income	<u>5,664</u>
Net cash provided by investing activities	<u>5,664</u>
Net decrease in cash and cash equivalents and restricted cash	(101,634)
Cash and cash equivalents and restricted cash, beginning of year	<u>919,946</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 818,312</u>
Reconciliation of cash and cash equivalents and restricted cash to Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 609,340
Tenant security deposits	51,772
Restricted cash	<u>157,200</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 818,312</u>

See accompanying notes to financial statements.

BOONTON HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

Operating loss	\$ (337,804)
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Adjustments to reconcile operating loss to net cash
provided by operating activities:

Depreciation	225,486
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Changes in operating assets, deferred outflows of resources,
liabilities, and deferred inflows of resources:

Accounts receivable, net	(12,648)
Prepaid expenses	(4,083)
Other assets	14,912
Deferred outflows of resources	(122,151)
Accrued expenses	51,150
Tenant security deposits	5,305
Prepaid rent	70,257
Accrued compensated absences	33,798
Accrued pension liability	70,497
Deferred inflows of resources	36,924
Other noncurrent liabilities	<u>11,473</u>
Net cash provided by operating activities	<u>\$ 43,116</u>

See accompanying notes to financial statements.

**BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020

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.

CARES Act Funding Programs

During the year ending September 30, 2020, the Authority was awarded CARES Act funding as part of the Public and Indian Housing Program and Section 8 Housing Choice Vouchers Program. These funds are to be used to prevent, prepare for, and respond to the Coronavirus ("COVID-19"), as well as help the Authority maintain normal operations during the period impacted by COVID-19.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2020, 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.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Other Post-Employment Benefits ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the net OPEB, and OPEB expense, and information about the fiduciary net position of the State Health Benefits Plan ("SHBP") and additions to/deductions from SHBP's fiduciary net position have been determined on the same basis as they are reported by SHBP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan.

R. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Equity Classifications

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

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

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

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

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 and Public Housing Program are economically dependent on receiving subsidies from HUD. The programs operate at a loss prior to receiving such subsidies.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2020.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of September 30, 2020, 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 \$818,312, and the bank balances approximated \$897,105.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 609,340
Tenant security deposits	51,772
Restricted	<u>157,200</u>
Total cash and cash equivalents	<u>\$ 818,312</u>

Of the bank balances, \$454,150 was covered by federal depository insurance and the remaining \$442,955 was collateralized by GUDPA as of September 30, 2020.

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, 2020, the Authority's bank balances were not exposed to custodial credit risk.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of September 30, 2020:

<u>Description</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 54,921
Accounts receivable - tenants, net	13,139
Accounts receivable - miscellaneous	<u>100</u>
Total accounts receivable, net	<u>\$ 68,160</u>

Accounts receivable - HUD

As of September 30, 2020, 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 \$12,846.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed to the Authority for items such as late fees and key replacements. 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, 2020

NOTE 4. RESTRICTED DEPOSITS

As of September 30, 2020, restricted deposits consisted of the following:

<u>Description</u>	<u>Amount</u>
Housing Choice Vouchers Cares Act funding reserves	\$ 70,009
Family Self Sufficiency program escrows	87,191
Tenant security deposits	<u>51,772</u>
Total restricted deposits	<u>\$ 208,972</u>

Housing Choice Vouchers Cares Act funding reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future coronavirus related expenses.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Section 8 Housing Choice Vouchers 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.

NOTE 5. CAPITAL ASSETS, NET

The following is a summary of the changes in capital assets during the year ended September 30, 2020:

Description	September 30, 2019	Additions	Dispositions	Transfers	September 30, 2020
<u>Non-depreciable:</u>					
Land	\$ 215,955	\$ -	\$ -	\$ -	\$ 215,955
Construction in Progress	<u>-</u>	<u>58,061</u>	<u>-</u>	<u>-</u>	<u>58,061</u>
Subtotal	<u>215,955</u>	<u>58,061</u>	<u>-</u>	<u>-</u>	<u>274,016</u>
<u>Depreciable:</u>					
Buildings and improvements	6,361,817	69,685	-	-	6,431,502
Furniture and equipment	<u>571,017</u>	<u>7,557</u>	<u>-</u>	<u>-</u>	<u>578,574</u>
Subtotal	<u>6,932,834</u>	<u>77,242</u>	<u>-</u>	<u>-</u>	<u>7,010,076</u>
Less: accumulated depreciation	<u>5,453,015</u>	<u>225,486</u>	<u>-</u>	<u>-</u>	<u>5,678,501</u>
Net capital assets	<u>\$ 1,695,774</u>	<u>\$ (90,183)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,605,591</u>

Depreciation expense for the year ended September 30, 2020 amounted to \$225,486.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 6. ACCOUNTS PAYABLE

As of September 30, 2020, accounts payable consisted of the following:

<u>Description</u>	<u>Amount</u>
Accounts payable - vendors	\$ 50,913
Accounts payable - HUD	11,845
Accounts payable - other governments	<u>49,729</u>
Total accounts payable	<u>\$ 112,487</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, 2020, 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 were fully paid during the year ended September 30, 2020.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 8. NON-CURRENT LIABILITIES

Non-current liabilities as of September 30, 2020 consisted of the following:

Description	September 30, 2019	Additions	Retirement s /Payments	September 30, 2020	Amounts due within one year
Bonds payable	\$ 185,000	\$ -	\$(185,000)	\$ -	\$ -
Accrued compensated absences	143,269	60,758	(26,960)	177,067	17,707
FSS Program escrows	75,718	11,473	-	87,191	-
Accrued pension liability	644,527	70,497	-	715,024	-
Accrued OPEB liability	<u>605,645</u>	<u>-</u>	<u>-</u>	<u>605,645</u>	<u>-</u>
Total non-current liabilities	<u>\$ 1,654,159</u>	<u>\$ 142,728</u>	<u>\$(211,960)</u>	<u>\$ 1,584,927</u>	<u>\$ 17,707</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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

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

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

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, 2020, the Authority reported a liability of \$715,024, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2019, and rolled forward to June 30, 2020.

For the year ended September 30, 2020, the Authority recognized pension benefit of \$14,730. At September 30, 2020, 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	\$ 23,196	\$ 299,387
Changes in Proportion	155,053	90,710
Differences between expected and actual experience	13,019	2,529
Net differences between actual and projected earnings on pension plan investments	<u>24,440</u>	<u>-</u>
Total	<u>\$ 215,708</u>	<u>\$ 392,626</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>
2021	\$ (20,476)
2022	(66,422)
2023	(59,311)
2024	(27,850)
2025	<u>(2,859)</u>
	<u>\$ (176,918)</u>

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 9. PENSION PLAN (continued)

E. Actuarial Assumptions

The collective total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-retirement 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-2020.

The actuarial adjustments used in the July 1, 2019 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, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 9. PENSION PLAN (continued)

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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 7.00 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 (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ 907,174	\$ 715,024	\$ 562,373

NOTE 10. OTHER POST-RETIREMENT BENEFITS PLAN

The information required to present the schedule of changes in net OPEB liability was not available as of September 30, 2020 and the date of this report. The net OPEB liability and deferred inflow and outflow amounts have not changed from the prior fiscal year. The information needed in order to reflect the September 30, 2020 balances for the net OPEB liability, deferred inflows, and deferred outflows was unavailable as of the date of this report. The information contained herein remains the same from September 30, 2019.

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, 2020

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, 2020, 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, 2020, the Authority recognized OPEB expense of \$56,720, which represented the annual premium due. At September 30, 2020, 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, 2020

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:

Year ending September 30:	<u>Amount</u>
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, 2020

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. 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, 2020, the Authority estimates that no material liabilities will result from such audits.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020

NOTE 11. CONTINGENCIES (continued)

Vulnerability – Impact of COVID-19

The severity of the impact of COVID-19 on the Authority's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Authority's tenants, all of which are uncertain and cannot be predicted. The Authority's future results could be adversely impacted by delays in rent collections, portability payments from certain PHA's, as well as grant reimbursements. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

NOTE 12. 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 December 28, 2021, which is the date the financial statements were available to be issued.

**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, 2020, 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 December 28, 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

December 28, 2021
Toms River, New Jersey

**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, 2020. 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.

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, 2020.

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

December 28, 2021
Toms River, New Jersey

SUPPLEMENTAL INFORMATION

BOONTON HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 Vouchers	14.871	N/A	1/1/2020	12/31/2020	\$1,970,738	\$2,031,171	\$2,031,171
Section 8 Housing Choice Vouchers - CARES Act	14.HCC	N/A	1/1/2020	12/31/2020	73,509	3,500	3,500
Total Housing Voucher Cluster					2,044,247	2,034,671	2,034,671
Public and Indian Housing Program	14.850	N/A	1/1/2020	12/31/2020	168,780	168,780	168,780
Public Housing CARES Act Funding	14.PHC	N/A	1/1/2020	12/31/2020	16,123	16,123	16,123
Public Housing Capital Fund Program	14.872	N/A	1/1/2020	12/31/2020	316,758	316,758	316,758
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	N/A	1/1/2020	12/31/2020	105,380	105,380	105,380
Total Expenditures of Federal Awards					\$2,651,288	\$2,641,712	\$2,641,712

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, 2020

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, 2020. 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>501-16</u>	<u>501-17</u>	<u>501-18</u>	<u>501-19</u>	<u>501-20</u>	<u>Total</u>
Budget	\$ <u>80,572</u>	\$ <u>83,587</u>	\$ <u>120,325</u>	\$ <u>125,694</u>	\$ <u>134,676</u>	\$ <u>544,854</u>
<u>Advances:</u>						
Cumulative through 10/01/2019	\$ 75,786	\$ 54,502	\$ 92,278	\$ -	\$ -	\$ 222,566
Current year	<u>-</u>	<u>29,085</u>	<u>28,047</u>	<u>125,694</u>	<u>133,932</u>	<u>316,758</u>
Cumulative through 09/30/2020	<u>75,786</u>	<u>83,587</u>	<u>120,325</u>	<u>125,694</u>	<u>133,932</u>	<u>539,324</u>
<u>Costs:</u>						
Cumulative through 10/01/2019	75,786	54,502	92,278	-	-	222,566
Current year	<u>-</u>	<u>29,085</u>	<u>28,047</u>	<u>125,694</u>	<u>133,932</u>	<u>316,758</u>
Cumulative through 09/30/2020	<u>75,786</u>	<u>83,587</u>	<u>120,325</u>	<u>125,694</u>	<u>133,932</u>	<u>539,324</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Public Housing Capital Fund Grants NJP0525501-17, NJP0525501-18 and NJP0525501-19, with approved funding of \$83,587, \$120,325 and \$125,694 respectfully, have been fully drawn down and expended as per Capital Fund Grant Regulations.

**BOONTON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2020**

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: | |

CFDA Number

Name of Federal Program

- | | | |
|--------|--|------------|
| 14.871 | Section 8 Housing Choice Vouchers | Unmodified |
| 14.HCC | Section 8 Housing Choice Vouchers - CARES Act | Unmodified |
| 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, 2020

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

There were no findings in the prior year.

**BOONTON HOUSING AUTHORITY
REQUIRED PENSION INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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	September 30, 2020
Contractually required contribution	\$ 32,652	\$ 34,805	\$ 36,790	\$ 38,856	\$ 42,045	\$ 34,794	\$ 47,966
Contributions in relation to the contractually required contribution	32,652	34,805	36,790	38,856	42,045	34,794	47,966
(Over) / under funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 301,681	\$ 323,988	\$ 322,793	\$ 324,294	\$ 338,095	\$ 325,768	\$ 359,153
Contributions as a percentage of covered-employee payroll	10.82 %	10.74 %	11.40 %	11.98 %	12.44 %	10.68 %	13.36 %

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	September 30, 2020
Authority's proportion of the net pension liability	0.0040 %	0.0040 %	0.0041 %	0.0042 %	0.0042 %	0.0036 %	0.0044 %
Authority's proportionate share of the net pension liability	\$ 741,564	\$ 908,775	\$ 1,226,510	\$ 976,373	\$ 715,024	\$ 715,024	\$ 715,024
Authority's covered-employee payroll	\$ 301,681	\$ 323,988	\$ 322,793	\$ 324,294	\$ 338,095	\$ 325,768	\$ 359,153
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	245.81 %	280.50 %	379.97 %	301.08 %	211.49 %	219.49 %	199.09 %
Plan fiduciary net position as a percentage of the total pension liability	52.08 %	47.93 %	40.14 %	48.10 %	53.60 %	56.30 %	56.30 %

*** 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	September 30, 2020
Statutorily required contribution	\$ 63,785 \$	68,942 \$	57,945 \$	57,945
Contributions in relation to the statutorily required contribution	<u>63,785</u>	<u>68,942</u>	<u>57,945</u>	<u>57,945</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's covered-employee payroll	<u>\$ 324,294</u>	<u>\$ 338,095</u>	<u>\$ 325,768</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>	<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	September 30, 2020
Authority's proportion of the net OPEB liability	<u>0.0038 %</u>	<u>0.0042 %</u>	<u>0.0045 %</u>	<u>0.0045 %</u>
Authority's proportionate share of the net OPEB liability	<u>\$ 914,957</u>	<u>\$ 605,645</u>	<u>\$ 605,645</u>	<u>\$ 605,645</u>
Authority's covered-employee payroll	<u>\$ 324,294</u>	<u>\$ 338,095</u>	<u>\$ 325,768</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>179.13 %</u>	<u>185.91 %</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>	<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									
Financial Data Schedule (FDS)									
September 30, 2020									
Line Item #	Account Description	Project Total	FSS Program	14-871 Housing Choice Vouchers	14-PHC Public Housing CARES Act	14-HCC HCV CARES Act Funding	14-218 Community Development Block Grants/Entitlement Grants	ELIM	TOTAL
ASSETS:									
CURRENT ASSETS:									
111	Cash - unrestricted	\$ 322,363	-	\$ 286,977	-	-	-	-	\$ 609,340
112	Cash - restricted - modernization and development	-	-	-	-	70,009	-	-	157,200
113	Cash - other restricted	-	-	87,191	-	-	-	-	51,772
114	Cash - tenant security deposit	51,772	-	-	-	-	-	-	-
115	Cash - restricted for payment of current liabilities	-	-	-	-	-	-	-	-
100	Total cash	374,135	-	374,168	-	70,009	-	-	818,312
Accounts and notes receivables									
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	50,298	-	-	4,623	-	-	-	54,921
124	Accounts receivable - other government	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	100	-	-	-	-	-	-	100
126	Accounts receivable - tenant	25,985	-	-	-	-	-	-	25,985
126	Allowance for doubtful accounts - tenant	(12,846)	-	-	-	-	-	-	(12,846)
126	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable - current	-	-	-	-	-	-	-	-
128	Fraud recovery	26,303	-	-	-	-	-	-	26,303
128	Allowance for doubtful accounts - fraud	(26,303)	-	-	-	-	-	-	(26,303)
129	Accrued interest receivable	38	-	-	-	-	-	-	36
120	Total receivables, net of allowances for doubtful account	63,375	-	18	4,623	-	-	-	68,216
Current investments									
131	Investments - unrestricted	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-
132	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-
132	Investment expenses and other asset	10,517	-	-	-	-	-	-	10,517
143	Inventory	-	-	-	-	-	-	-	-
143	Allowance for obsolete inventory	-	-	-	-	-	-	-	-
144	Inventory - due from	4,623	-	-	-	-	-	(4,623)	-
145	Assets held for sale	-	-	-	-	-	-	-	-
130	TOTAL CURRENT ASSETS	452,850	-	374,186	4,623	70,009	-	(4,623)	897,045
NONCURRENT ASSETS:									
Fixed assets:									
161	Land	-	-	-	-	-	-	-	-
162	Buildings	215,955	-	-	-	-	-	-	215,955
163	Furniture, equipment & machinery - dwelling	6,431,502	-	-	-	-	-	-	6,431,502
164	Furniture, equipment & machinery - administration	274,657	-	-	-	-	173,851	-	448,508
165	Leasehold improvement	130,666	-	-	-	-	-	-	130,666
166	Accumulated depreciation	(5,635,041)	-	-	-	-	(43,460)	-	(5,678,501)
167	Construction in Progress	58,061	-	-	-	-	-	-	58,061
168	Infrastructure	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	1,475,500	-	-	-	-	130,391	-	1,605,891
Other non-current assets:									
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-	-	-	-
173	Grants Receivable Non Current	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-
175	Undistributed debts	-	-	-	-	-	-	-	-
176	Investment in joint venture	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	1,475,500	-	-	-	-	130,391	-	1,605,891
200	Deferred Outflows of Resources - Pension & OPEB	336,359	-	218,963	-	-	-	-	545,322
290	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,254,409	\$ -	\$ 593,149	\$ 4,623	\$ 70,009	\$ 130,391	\$ (4,623)	\$ 3,047,958

BOONTON HOUSING AUTHORITY									
Financial Data Schedule (FD28)									
September 30, 2020									
Line Item #	Account Description	Project Total	FSS Program	14-871 Housing Choice Vouchers	14-PHC Public Housing CARES Act	14-HCC HCV CARES Act Funding	14-218 Community Development Block Grants/Entitlement Grants	ELIM	TOTAL
LIABILITIES AND EQUITY:									
LIABILITIES:									
Current Liabilities:									
311	Bank overdraft	\$ -	\$ -	-	-	-	\$ -	-	\$ -
312	Accounts payable < 90 days	47,569	-	3,404	-	-	-	-	50,973
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	12,781	-	-	-	-	-	-	12,781
322	Accrued compensated absences - current portion	9,193	-	8,514	-	-	-	-	17,707
324	Accrued contingency liability	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	4,273	-	-	-	-	4,273
332	Accounts payable - PHA programs	-	-	7,572	-	-	-	-	7,572
333	Accounts payable - other government	49,729	-	-	-	-	-	-	49,729
341	Tenant security deposits	51,772	-	-	-	-	-	-	51,772
342	Unearned revenue	2,505	-	-	-	70,009	-	-	72,514
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowing	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	19,126	-	-	4,623	-	-	(4,623)	19,126
347	Interprogram - due to	-	-	-	-	-	-	-	-
348	Loan liability - Current	-	-	-	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	192,615	-	23,763	4,623	70,009	-	(4,623)	286,387
NONCURRENT LIABILITIES:									
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowing	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	87,191	-	-	-	-	87,191
354	Accrued compensated absences - noncurrent	82,736	-	76,624	-	-	-	-	159,360
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	818,745	-	501,924	-	-	-	-	1,320,669
350	TOTAL NONCURRENT LIABILITIES	901,481	-	665,739	-	-	-	-	1,567,220
300	TOTAL LIABILITIES	1,094,096	-	689,502	4,623	70,009	-	(4,623)	1,853,607
400	Deferred inflows of Resources	618,802	-	376,713	-	-	-	-	995,515
EQUITY:									
508	Invested in Capital Assets, Net of Related Deb	1,475,200	-	-	-	-	130,391	-	1,605,591
511	Restricted Net Assets	-	-	-	-	-	-	-	-
512	Unrestricted Net Assets	(933,689)	-	(473,060)	-	-	-	-	(1,406,755)
513	TOTAL EQUITY	541,511	-	(473,060)	-	-	130,391	-	198,836
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	2,254,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proof of concept									

BOONTON HOUSING AUTHORITY											
Financial Data Schedule (FDS)											
September 30, 2020											
Line Item #	Account Description	OPERATING	CAPITAL	FSS Program	14.871 Housing Choice Vouchers	14.71C Public Housing CARES Act Funding	14.71C HCV CARES Act Funding	14.218 Community Development Block Grants Entitlement	ELIM	TOTAL	
REVENUE:											
70100	Net tenant rental revenue	\$ 461,040	\$ -	\$ -	-	-	-	\$ -	-	\$ 461,040	
70101	Net tenant utility revenue	5,190	-	-	-	-	-	-	-	5,190	
70500	Total tenant revenue	466,230	-	-	-	-	-	-	-	466,230	
70600	HUD PHA grants	168,780	131,758	105,380	1,970,738	-	3,500	-	-	2,386,229	
70610	Capital grants	-	185,000	-	-	-	-	-	-	185,000	
70710	Management fee	-	-	-	-	-	-	-	-	-	
70720	Asset management fee	-	-	-	-	-	-	-	-	-	
70730	Bookkeeping fee	-	-	-	-	-	-	-	-	-	
70740	Front desk services fee	-	-	-	-	-	-	-	-	-	
70750	Other fees	-	-	-	-	-	-	-	-	-	
70800	Other government grants	-	-	-	-	-	-	-	-	-	
71000	Investment income - unrestricted	3,842	-	-	-	-	-	-	-	3,842	
71100	Mortgage interest income	-	-	-	-	-	-	-	-	-	
71110	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	
71120	Investment income - restricted	-	-	-	-	-	-	-	-	-	
71300	Grant recovery	34,659	-	-	400	-	-	-	-	35,059	
71301	Other revenue	-	-	-	-	-	-	-	-	-	
71600	Gain or loss on sale of fixed asset	-	-	-	-	-	-	-	-	-	
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-	
70000	TOTAL REVENUE	693,511	316,758	105,380	1,998,262	66,123	3,500	-	-	3,113,534	
EXPENSES:											
Administrative											
91100	Administrative salaries	175,384	-	-	4,549	-	-	-	-	180,033	
91101	Outside salaries	2,576	-	-	3,404	-	-	-	-	10,980	
91300	Outside management fees	-	-	-	-	-	-	-	-	-	
91310	Bookkeeping fee	-	-	-	-	-	-	-	-	-	
91400	Advertising and marketing	38,011	-	-	53,564	-	-	-	-	91,575	
91500	Employee benefit contributions- administrative	38,011	-	-	23,723	3,000	-	-	-	131,330	
91600	Office expenses	12,620	-	-	5,409	-	-	-	-	18,029	
91800	Legal expenses	-	-	-	73	-	-	-	-	244	
91810	Allocated overhead	171	-	-	-	-	-	-	-	-	
91900	Other	-	-	-	-	-	-	-	-	-	
91000	Total administrative	336,820	-	-	92,391	3,000	-	-	-	432,211	
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-	
Grant services											
92100	Grant services - salaries	-	-	105,380	-	-	-	-	-	105,380	
92200	Relocation costs	-	-	-	-	627	-	-	-	627	
92300	Employee benefit contributions- grant service	-	-	-	-	63	-	-	-	63	
92400	Grant services - other	-	-	-	-	1,038	3,500	-	-	4,538	
92000	Total grant services	-	-	105,380	-	1,718	3,500	-	-	110,598	
Utilities											
93100	Water	40,089	-	-	-	-	-	-	-	40,089	
93200	Electricity	64,170	-	-	-	-	-	-	-	64,170	
93300	Gas	66,181	-	-	-	-	-	-	-	66,181	
93400	Food	-	-	-	-	-	-	-	-	-	
93500	Labor	25,550	-	-	-	-	-	-	-	25,550	
93600	Sewer	25,351	-	-	-	-	-	-	-	25,351	
93700	Employee benefit contributions- utilities	5,718	-	-	-	-	-	-	-	5,718	
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	
93000	Total utilities	227,059	-	-	-	-	-	-	-	227,059	
Ordinary maintenance & operation											
94100	Ordinary maintenance and operations - labor	49,420	-	-	-	7,245	-	-	-	56,665	
94200	Ordinary maintenance and operations - materials & other	33,183	-	-	-	3,436	-	-	-	36,619	
94300	Ordinary maintenance and operations - contract cost	10,854	-	-	-	724	-	-	-	11,578	
94500	Employee benefit contributions- ordinary maintenance	184,899	-	-	-	11,405	-	-	-	196,304	
94000	Total ordinary maintenance	194,356	-	-	-	11,405	-	-	-	205,761	

BOONTON HOUSING AUTHORITY											
Financial Data Schedule (FDS)											
September 30, 2020											
Line Item #	Account Description	OPERATING	CAPITAL	FSS Program	14.071 Housing Choice Voucher	14.071C Public Housing CARES Act CAMES Act Funding	14.218 Community Development Block Grants Fundament Grants	ELIM	TOTAL		
	Protective services										
95100	Protective services - labor	-	-	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	-	-	-	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-	-	-	-
95400	Employee benefit contributions- protective service	-	-	-	-	-	-	-	-	-	-
	Total protective services	-	-	-	-	-	-	-	-	-	-
	General expenses										
96100	Insurance premiums	51,760	-	-	2,387	-	-	-	54,147	-	-
96200	Other general expenses	30,662	-	-	13,374	-	-	-	44,036	-	-
96300	Depreciation expense	24,307	-	-	-	-	-	-	24,307	-	-
96400	Bad debt - tenant rent	34,397	-	-	-	-	-	-	34,397	-	-
96500	Bad debt - mortgages	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-
96700	Interest expense	15,111	-	-	-	-	-	-	15,111	-	-
96800	Interest on mortgage (or bonds) payable	-	-	-	-	-	-	-	-	-	-
96900	Amortization of bond issue cost	-	-	-	-	-	-	-	-	-	-
96900	Severance expense	-	-	-	-	-	-	-	-	-	-
96900	Total general expenses	145,547	-	-	16,328	-	-	-	161,675	-	-
97000	TOTAL OPERATING EXPENSES	894,125	-	105,380	108,719	16,123	-	-	1,134,847	-	-
97000	EXCESS OPERATING REVENUE OVER OPERATING	(22,074)	316,758	-	1,895,433	-	-	-	1,988,087	-	-
	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-
97100	Casualty losses - non capitalizes	-	-	-	-	-	-	-	-	-	-
97200	Housing assistance payments	-	-	-	-	-	-	-	-	-	-
97300	HAP Portability - in	1,915,537	-	-	-	-	-	-	1,915,537	-	-
97400	Depreciation expense	216,794	-	-	6,925	-	-	-	223,719	-	-
97500	Real estate taxes	-	-	-	-	-	-	-	-	-	-
97600	Dwelling unit rent expense	-	-	-	-	-	-	-	-	-	-
98000	TOTAL EXPENSES	1,110,919	-	105,380	2,031,171	16,123	-	-	3,275,785	-	-
	OTHER FINANCING SOURCES (USES)										
10010	Operating transfers in	131,758	-	-	-	-	-	-	131,758	-	-
10020	Operating transfers out	-	(131,758)	-	-	-	-	-	(131,758)	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	-	-	-
10050	Operating transfers from/to other government	-	-	-	-	-	-	-	-	-	-
10060	Extraordinary items - net gain/loss	-	-	-	-	-	-	-	-	-	-
10070	Special items (net gain/loss)	-	-	-	-	-	-	-	-	-	-
10080	Other Project excess cash transfer in	-	-	-	-	-	-	-	-	-	-
10090	Other Project excess cash transfer out	-	-	-	-	-	-	-	-	-	-
10095	Other Project excess cash transfer in or out	-	-	-	-	-	-	-	-	-	-
10095	Transfers between program and project or	-	-	-	-	-	-	-	-	-	-
10095	Transfers between program and project or	-	-	-	-	-	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	131,758	(131,758)	-	-	-	-	-	-	-	-
10600	EXCESS DEFICIENCY OF REVENUE OVER EXPENSES	(205,650)	185,000	-	(32,209)	-	(8,692)	-	(102,251)	-	-
MEMO ACCOUNT INFORMATION:											
11020	Required annual debt principal payments	-	-	-	-	-	-	-	-	-	-
11030	Beginning equity	-	-	-	-	-	-	-	-	-	-
11040	Prior period adjustments and equity transfer	662,161	-	-	(440,157)	-	139,083	-	361,087	-	-
11050	Administrative fee equity	-	-	-	-	-	-	-	-	-	-
11060	Housing assistance payments equity	-	-	-	-	-	-	-	-	-	-
11070	Unit months available	888	-	-	1,308	-	-	-	2,196	-	-
11210	Number of unit months leased	874	-	-	1,384	-	-	-	2,258	-	-
	Equity Roll Forward Test										
	Calculation from R/S Statement	\$ 541,511	\$ -	\$ -	\$ (473,066)	\$ -	\$ 130,391	\$ -	\$ 198,836	\$ -	\$ -
	R/S Line 513	\$ 541,511	\$ -	\$ -	\$ (473,066)	\$ -	\$ 130,391	\$ -	\$ 198,836	\$ -	\$ -