



**BOONTON HOUSING AUTHORITY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTAL INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2022**  
**WITH**  
**REPORT OF INDEPENDENT AUDITORS**

**BOONTON HOUSING AUTHORITY**  
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**YEAR ENDED SEPTEMBER 30, 2022**

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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.

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

BOONTON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

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 38 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.

BOONTON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

E. Significant Changes from Prior Year

Capital assets, net decreased by \$200,852 as depreciation expense of \$235,525 exceeded acquisitions of \$34,673 for the year ended September 30, 2022.

Restricted cash increased from \$215,816 in 2021 to \$254,005 in 2022, or \$38,189. The increase was primarily due to an increase in Family Self Sufficiency program escrows.

Administrative expense increased by \$60,256 primarily as a result of an increase in employee benefit contributions.

Utilities expense increased by \$21,016, primarily as a result of an increase in gas usage.

Ordinary maintenance and operations decreased from \$296,891 in 2021 to \$232,738 in 2022, or \$64,153, primarily due to a decrease in ordinary maintenance and operations contracts.

Housing assistance payments expense increased by \$167,415 as the Authority had an increase in unit months leased during 2022 as part of the conversion to the Rental Assistance Demonstration Program.

F. 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, 2023:

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.

BOONTON HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

I. Summarized Financial Data (continued)

	<u>Year Ended</u>			<u>%</u>
	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>Variance</u>	<u>Change</u>
<u>Revenues</u>				
Tenant Revenues	\$ 465,777	\$ 479,273	\$ (13,496)	-2.82%
HUD Subsidies	3,180,120	2,732,392	447,728	16.39%
Other Revenues	<u>227,670</u>	<u>80,389</u>	<u>147,281</u>	183.21%
Total Operating Revenues	<u>3,873,567</u>	<u>3,292,054</u>	<u>581,513</u>	17.66%
<u>Expenses</u>				
Other Operating Expenses	1,272,198	1,219,946	52,252	4.28%
Housing Assistance Payments	2,232,013	2,064,598	167,415	8.11%
Depreciation Expense	<u>235,525</u>	<u>233,006</u>	<u>2,519</u>	1.08%
Total Operating Expenses	<u>3,739,736</u>	<u>3,517,550</u>	<u>222,186</u>	6.32%
Operating Income (Loss)	<u>133,831</u>	<u>(225,496)</u>	<u>359,327</u>	-159.35%
<u>Non-Operating Income/(Expenses)</u>				
Interest on Investments	<u>2,597</u>	<u>1,763</u>	<u>834</u>	47.31%
Income (Loss)	136,428	(223,733)	360,161	-160.98%
Change in Net Position	136,428	(223,733)	360,161	-160.98%
Net Position – Beginning of Year	<u>(24,897)</u>	<u>198,836</u>	<u>(223,733)</u>	-112.52%
Net Position – End of Year	<u>\$ 111,531</u>	<u>\$ (24,897)</u>	<u>\$ 136,428</u>	-547.97%

**BOONTON HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 805,496
Tenant security deposits	42,936
Accounts receivable, net	13,898
Other current assets	<u>20,452</u>
Total current assets	<u>882,782</u>
Non-current assets:	
Restricted cash	254,005
Capital assets, net	<u>1,213,432</u>
Total non-current assets	<u>1,467,437</u>
Total assets	<u>2,350,219</u>

**DEFERRED OUTFLOWS OF RESOURCES**

State of New Jersey P.E.R.S.	257,789
State of New Jersey S.H.B.P.	<u>609,951</u>
Total deferred outflows of resources	<u>867,740</u>
Total assets and deferred outflows of resources	<u>\$ 3,217,959</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, 2022**

Operating revenues:	
Tenant revenue	\$ 465,777
HUD operating grants	3,180,120
Other revenues	<u>227,670</u>
Total operating revenues	<u>3,873,567</u>
Operating expenses:	
Administrative	549,948
Tenant services	118,361
Utilities	264,482
Ordinary maintenance and operations	232,738
Insurance	61,348
General	45,321
Housing assistance payments	2,232,013
Depreciation	<u>235,525</u>
Total operating expenses	<u>3,739,736</u>
Operating income	<u>133,831</u>
Non-operating revenues:	
Investment income	<u>2,597</u>
Net non-operating revenues	<u>2,597</u>
Change in net position	136,428
Net position, beginning of year	<u>(24,897)</u>
Net position, end of year	<u><u>\$ 111,531</u></u>

See accompanying notes to financial statements.

**BOONTON HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

Operating income	\$	133,831
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Adjustments to reconcile operating income to net cash  
provided by operating activities:

Depreciation		235,525
Bad debt expense		15,401

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

Accounts receivable, net		17,851
Prepaid expenses		(3,290)
Deferred outflows of resources		64,766
Accounts payable		(7,202)
Accrued expenses		341
Tenant security deposits		(663)
Unearned revenue		(111,432)
Accrued compensated absences		6,320
Accrued pension liability		39,576
Accrued OPEB liability		(10,078)
Deferred inflows of resources		(221,496)
Other noncurrent liabilities		<u>75,185</u>

Net cash provided by operating activities	\$	<u><u>234,635</u></u>
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See accompanying notes to financial statements.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022**

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

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

On October 1, 2021, the Authority adopted GASB 87, Leases ("GASB 87"). GASB 87 increases the transparency and comparability among governmental organizations by requiring the recognition of lease assets and lease liabilities on the statement of net position by lessees and lessors and the disclosure of key information about leasing arrangements. For the year ended September 30, 2022, the adoption of GASB 87 did not have a material effect on the financial statements of the Authority.

**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 on the application of the above criteria, this report includes all programs and activities operated by the Authority, including the following blended presented component unit:

**Affordable Housing Opportunities Matter Inc. ("AHOM")**

AHOM was incorporated in the State of New Jersey in 2020 as a non-profit 501(c)(3) corporation to create, own, develop, construct and/or manage affordable housing for the residents of the Town. The board members of AHOM are also commissioners of the Authority. The Authority utilized Section 22 of the United States Housing Act of 1937 ("Section 22") in order to voluntarily convert their public housing units to tenant based section 8 housing choice vouchers. Under Section 22, the public housing units were transferred to AHOM and where they continue to be controlled and operated by the Authority.

In accordance with GASB 61, the Authority's financial statements are presented utilizing the blended method because the Authority's governing body and AHOM's governing body are substantively the same and as such, a blended presentation of their financial statements is warranted. Additionally, based on the application of the above criteria, the Authority's financial statements are not included in any other reporting entity's financial statements.

**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:

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022**

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

**F. Cash and Cash Equivalents (continued)**

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

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

**G. Accounts Receivable, Net**

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

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

**H. Allowance for Doubtful Accounts**

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

**I. Prepaid Expenses**

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

**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.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022**

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

**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.

**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.

**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.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022**

**NOTE 2. CASH AND CASH EQUIVALENTS**

As of September 30, 2022, 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 \$1,102,437, and the bank balances approximated \$1,125,378.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 805,496
Tenant security deposits	42,936
Restricted	<u>254,005</u>
Total cash and cash equivalents	<u>\$ 1,102,437</u>

Of the bank balances, \$252,076 was covered by federal depository insurance and the remaining \$873,302 was collateralized by GUDPA as of September 30, 2022.

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, 2022, the Authority's bank balances were not exposed to custodial credit risk

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following as of September 30, 2022:

<u>Description</u>	<u>Amount</u>
Accounts receivable - tenants, net	\$ 10,567
Accounts receivable - miscellaneous	<u>3,331</u>
Total accounts receivable, net	<u>\$ 13,898</u>

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 \$24,017.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed to the Authority for items such as late fees and key replacements. The balance is shown net of an allowance for doubtful accounts of \$26,303.

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022**

**NOTE 6. ACCOUNTS PAYABLE**

As of September 30, 2022, accounts payable consisted of the following:

<u>Description</u>	<u>Amount</u>
Accounts payable - vendors	\$ 9,849
Accounts payable - HUD	4,314
Accounts payable - other governments	<u>43,710</u>
Total accounts payable	<u>\$ 57,873</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, 2022, 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. NON-CURRENT LIABILITIES**

Non-current liabilities as of September 30, 2022 consisted of the following:

<u>Description</u>	<u>September 30, 2021</u>	<u>Additions</u>	<u>Retirements /Payments</u>	<u>September 30, 2022</u>	<u>Amounts due within one year</u>
Accrued compensated absences	\$ 188,797	\$ 7,700	\$ (1,380)	\$ 195,117	\$ 19,510
FSS Program escrows	150,412	75,185	-	225,597	-
Accrued pension liability	715,024	39,576	-	754,600	-
Accrued OPEB liability	<u>1,033,366</u>	<u>-</u>	<u>(10,078)</u>	<u>1,023,288</u>	<u>-</u>
Total non-current liabilities	<u>\$ 2,087,599</u>	<u>\$ 122,461</u>	<u>\$ (11,458)</u>	<u>\$ 2,198,602</u>	<u>\$ 19,510</u>

**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022**

**NOTE 8. 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, 2022, the Authority reported a liability of \$754,600, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, and rolled forward to June 30, 2022.

For the year ended September 30, 2022, the Authority recognized a pension benefit of of \$80,079. At September 30, 2022, 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	\$ 2,338	\$ 112,993
Changes in Proportion	218,773	102,854
Differences between expected and actual experience	5,446	4,803
Net differences between actual and projected earnings on pension plan investments	<u>31,232</u>	<u>-</u>
Total	<u>\$ 257,789</u>	<u>\$ 220,650</u>

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

Year ending September 30:	Amount
2023	\$ 30,515
2024	15,546
2025	7,582
2026	(16,540)
2027	<u>36</u>
	<u>\$ 37,139</u>



**BOONTON HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022**

**NOTE 8. PENSION PLAN (continued)**

**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions 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	\$ <u>977,650</u>	\$ <u>754,600</u>	\$ <u>576,605</u>

**NOTE 9. OTHER POST-RETIREMENT BENEFITS PLAN**

The information required for management to record the changes in net OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense for the SHBP as of and for the year ended September 30, 2022 was not available as of the date of the auditors' report and accordingly, the net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense related to the SHBP are being reported from the 2021 audited actuarial report..

**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 Annual Comprehensive 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, 2022**

**NOTE 9. 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)**

The Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2021. 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>
2023	\$ 17,000
2024	17,022
2025	17,043
2026	12,170
2027	2,046
Thereafter	<u>(2,870)</u>
	<u>\$ 62,411</u>

**D. Actuarial Assumptions**

The total OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2021 scale.

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the pension plans' experience studies prepared for July 1, 2013 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 2.16% as of June 30, 2021. 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, 2022**

**NOTE 11.      RESTRICTED NET POSITION**

As of September 30, 2022, restricted net position consists of housing assistance payment reserves totaling \$28,408. Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

**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 June 29, 2023, which is the date the financial statements were available to be issued.

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. 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*

June 29, 2023  
Toms River, New Jersey

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State of New Jersey OMB Circular 15-08, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State of New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

## **SUPPLEMENTAL INFORMATION**

**BOONTON HOUSING AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022. 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.

**BOONTON HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**SEPTEMBER 30, 2022**

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 (continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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	September 30, 2021	September 30, 2022
Authority's proportion of the net pension liability	<u>0.0040 %</u>	<u>0.0040 %</u>	<u>0.0041 %</u>	<u>0.0042 %</u>	<u>0.0042 %</u>	<u>0.0036 %</u>	<u>0.0044 %</u>	<u>0.0055 %</u>	<u>0.0050 %</u>
Authority's proportionate share of the net pension liability	<u>\$ 741,564</u>	<u>\$ 908,775</u>	<u>\$1,226,510</u>	<u>\$ 976,373</u>	<u>\$ 754,600</u>	<u>\$ 754,600</u>	<u>\$ 715,024</u>	<u>\$ 645,697</u>	<u>\$ 754,600</u>
Authority's covered- employee payroll	<u>\$ 301,681</u>	<u>\$ 323,988</u>	<u>\$ 322,793</u>	<u>\$ 324,294</u>	<u>\$ 338,095</u>	<u>\$ 325,768</u>	<u>\$ 359,153</u>	<u>\$ 396,033</u>	<u>\$ 416,829</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>245.81 %</u>	<u>280.50 %</u>	<u>379.97 %</u>	<u>301.08 %</u>	<u>223.19 %</u>	<u>231.64 %</u>	<u>199.09 %</u>	<u>163.04 %</u>	<u>181.03 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.08 %</u>	<u>47.93 %</u>	<u>40.14 %</u>	<u>48.10 %</u>	<u>53.60 %</u>	<u>56.30 %</u>	<u>58.32 %</u>	<u>70.33 %</u>	<u>62.91 %</u>

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

See Report of Independent Auditors.

**BOONTON HOUSING AUTHORITY**  
**REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION (continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**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	September 30, 2021	September 30, 2022 (A)
Authority's proportion of the net OPEB liability	<u>0.0038 %</u>	<u>0.0042 %</u>	<u>0.0045 %</u>	<u>0.0045 %</u>	<u>0.0058 %</u>	<u>- %</u>
Authority's proportionate share of the net OPEB liability	<u>\$ 914,957</u>	<u>\$ 778,454</u>	<u>\$ 605,645</u>	<u>\$ 605,645</u>	<u>\$ 1,033,366</u>	<u>\$ 1,023,288</u>
Authority's covered- employee payroll	<u>\$ 324,294</u>	<u>\$ 338,095</u>	<u>\$ 325,768</u>	<u>\$ 325,768</u>	<u>\$ 359,153</u>	<u>\$ 416,829</u>
Authority's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	<u>282.14 %</u>	<u>230.25 %</u>	<u>185.91 %</u>	<u>185.91 %</u>	<u>287.72 %</u>	<u>245.49 %</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>	<u>0.28 %</u>	<u>- %</u>

(A) Information relating to the defined benefit OPEB plan was not available because the OPEB plan for the year ended September 30, 2022 had not been audited as of the date the auditors' report.

\*\*\* = 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, 2022										
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	6.2 Component Unit - Blended	ELIM	TOTAL
<b>LIABILITIES AND EQUITY:</b>										
<b>Liabilities:</b>										
<b>Current Liabilities:</b>										
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	-	-	-	-	-	9,849	-	9,849
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	6,029	-	-	-	6,531	-	12,560
322	Accrued compensated absences - current portion	-	-	8,654	-	-	-	10,856	-	19,510
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	4,314	-	-	-	-	-	4,314
332	Accounts payable - PHA projects	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-	-	42,936	-	42,936
342	Unearned revenue	-	-	-	-	-	-	3,216	-	3,216
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowing	-	-	-	-	-	-	43,710	-	43,710
345	Other current liabilities	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-	-	23,051	-	23,051
348	Loan liability - Current	-	-	-	-	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	-	-	18,997	-	-	-	140,149	-	159,146
<b>NONCURRENT LIABILITIES:</b>										
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowing	-	-	-	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	225,597	-	-	-	-	-	225,597
354	Accrued compensated absences - noncurrent	-	-	77,905	-	-	-	97,702	-	175,607
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liability:	-	-	321,355	-	-	-	433,245	-	754,600
358	Accrued OPEB liability	-	-	373,600	-	-	-	649,688	-	1,023,288
350	TOTAL NONCURRENT LIABILITIES	-	-	998,457	-	-	-	1,180,633	-	2,179,092
300	TOTAL LIABILITIES	-	-	1,017,454	-	-	-	1,320,784	-	2,338,238
400	Deferred inflows of Resource	-	-	237,916	-	-	-	530,274	-	768,190
<b>EQUITY:</b>										
508	Invested in Capital Assets, Net of Related Deb	-	-	6,604	-	-	-	1,206,738	-	1,213,342
511	Restricted Net Assets	-	-	28,408	-	-	-	-	-	28,408
512	Unrestricted Net Assets	-	-	(317,488)	-	-	-	(812,821)	-	(1,130,299)
513	TOTAL EQUITY	-	-	(382,386)	-	-	-	393,917	-	11,531
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ -	\$ -	\$ 972,984	\$ -	\$ -	\$ -	\$ 2,243,975	\$ -	\$ 3,217,959
Proof of concept										



