

BOONTON HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2015

**BOONTON HOUSING AUTHORITY
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YEAR ENDED SEPTEMBER 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Boonton Housing Authority:

Report on the Financial Statements

We have audited the financial statements of the Boonton Housing Authority ("the Authority") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Boonton Housing Authority's basic financial statements as listed in the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Boonton Housing Authority ("the Authority"), as of September 30, 2015, and the respective changes in financial position and 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, schedule of pension contributions and schedule of net pension liability 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 Boonton Housing Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; the schedule of capital fund program costs and advances and financial data schedule, as required by the United States Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, schedule of capital fund program costs and advances and financial data schedule ("the Schedules") 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 Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 19, 2016 on our consideration of the Boonton Housing 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 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 Boonton Housing Authority's internal control over financial reporting and compliance.

Fallon & Larsen LLP

May 19, 2016
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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, 2015. 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 \$1,877,037 (net position) as opposed to \$2,862,180 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 (\$340,031).
3. The Authority's cash and cash equivalents, restricted cash and investment balance including tenant security deposits at September 30, 2015 was \$756,285, representing a decrease of \$78,140 from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$2,246,531 and Total Operating Expenses of \$2,478,840 for the year ended September 30, 2015.
5. The Authority's capital outlays for the fiscal year were \$53,314 all of which was funded by Authority reserves.
6. The Authority's Expenditures of Federal Awards amounted to \$1,913,314.
7. The Authority adopted GASB 68 "*Accounting and Financial Reporting for Pensions*" during the year ended September 30, 2015 which resulted in a net pension liability of \$908,775, \$136,380 in deferred outflows of resources and \$15,344 of deferred inflows of resources.

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.

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

B. Using the Annual Report (continued)

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

The 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 purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. The schedule of expenditures of Federal awards can be found on page 36 of this report. The Schedule of Required Pension Information is presented for additional analysis as required by Government Accounting Standards Board Opinion No. 68.

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

C. The Authority as a Whole

The Authority's Net Position decreased 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 insufficient 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 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.

The Public Housing Program prepares a budget annually. The Board of Commissioners adopts the budget through passage of a budget resolution and submits it to HUD at least ninety days prior to the beginning of the program year.

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

E. Capital Assets and Debt Administration

As of September 30, 2015, the Authority's net investment in capital assets was \$2,179,210. 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.

Major capital assets purchased of \$53,314, 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 Housing 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 8 to the Financial Statements

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

F. Significant Changes From Prior Year

Capital assets, net decreased \$131,301 as depreciation expense of \$184,615 exceeded acquisitions of \$53,314 for the year ended September 30, 2015.

Restricted cash and restricted investments decreased from \$173,228 in 2014 to \$100,688 in 2015 or \$72,540. The decrease was primarily due to a reduction of Housing Assistance Payment reserves in the amount of \$71,747.

Long term debt decreased by \$15,000 as HUD drawdowns under the Capital Fund Leveraging Program were used to make required debt service payments.

Operating grants increased by \$65,082 as the Authority received more subsidy in the Capital Fund Program in the amount of \$67,969 for administrative purposes.

Utilities expenses decreased by \$16,659, primarily as a result of reductions in gas and electricity costs.

Ordinary maintenance and operations increased from \$89,697 in 2014 to \$105,846 in 2015 or \$16,149 primarily due to an increase in contract costs.

General expenses decreased \$7,906 primarily due to moderate decreases in compensated absences, payment in lieu of taxes and bad debts.

Housing assistance payments expense increased by \$9,691 as the Authority had more portable tenants in 2015.

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, 2016:

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 appears sufficient to cover any shortfall.

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

Computation of Net Position are as follows:				
			<u>As of</u>	
			<u>9/30/2015</u>	<u>9/30/2014</u>
Cash and Other Assets			\$ 851,603	\$ 924,733
Capital Assets - Net			2,429,210	2,560,511
Deferred Outflows of Resources			<u>136,380</u>	<u>-</u>
Total Assets and Deferred Outflows			3,417,193	3,485,284
Less: Total Liabilities			1,524,812	623,104
Less: Deferred Inflows of Resources			<u>15,344</u>	<u>-</u>
Net Position			<u>\$ 1,877,037</u>	<u>\$ 2,862,180</u>
Net Investment in Capital Assets			\$ 2,179,210	\$ 2,295,511
Restricted Net Position			37,858	109,605
Unrestricted Net Position			<u>(340,031)</u>	<u>457,064</u>
Total Net Position			<u>\$ 1,877,037</u>	<u>\$ 2,862,180</u>

BOONTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

I. Summarized Financial Data (continued)

Computations of Changes in Net Assets are as follows:					
				<u>Year Ended</u>	
				<u>9/30/15</u>	<u>9/30/14</u>
<u>Revenues</u>					
Tenant Revenues				\$ 424,403	\$ 469,188
HUD Subsidies				1,748,002	1,682,920
Other Revenues				<u>74,126</u>	<u>57,603</u>
Total Operating Revenues				<u>2,246,531</u>	<u>2,209,711</u>
<u>Expenses</u>					
Other Operating Expenses				880,210	869,704
Housing Assistance Payments				1,414,015	1,404,324
Depreciation Expense				<u>184,615</u>	<u>304,419</u>
Total Operating Expenses				<u>2,478,840</u>	<u>2,578,447</u>
Operating Income/(Loss)				(232,309)	(368,736)
<u>Non-Operating Income/(Expenses)</u>					
Interest Expense				(12,602)	(13,227)
Interest on Investments				<u>3,294</u>	<u>3,086</u>
Loss before capital grants				(241,617)	(378,877)
<u>Capital Grants</u>					
HUD Capital Grants				<u>15,000</u>	<u>15,000</u>
Change in Net Position				(226,617)	(363,877)
Net Position – Beginning of Year				<u>2,862,180</u>	<u>3,226,057</u>
Change in Accounting Principle - Adoption of GASB 68				<u>(758,526)</u>	<u>-</u>
Net Position – End of Year				<u>\$ 1,877,037</u>	<u>\$ 2,862,180</u>

FINANCIAL STATEMENTS

**BOONTON HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2015**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 171,883
Investments	483,714
Accounts receivable, net	74,358
Other current assets	<u>20,960</u>
Total current assets	<u>750,915</u>
Non-current assets:	
Restricted cash	54,243
Restricted investments	46,445
Capital assets, net	<u>2,429,210</u>
Total non-current assets	<u>2,529,898</u>
Total assets	<u>\$ 3,280,813</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>\$ 136,380</u>
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BOONTON HOUSING AUTHORITY
STATEMENT OF NET POSITION (continued)
AS OF SEPTEMBER 30, 2015

LIABILITIES

Current liabilities:	
Accounts payable	\$ 94,001
Accrued expenses	29,021
Accrued compensated absences	13,230
Tenant security deposits	47,494
Prepaid tenant rents	503
Current portion of bonds payable	<u>15,000</u>
Total current liabilities	<u>199,249</u>
Non-current liabilities:	
Bonds payable, excluding current portion	235,000
Accrued compensated absences, net of current portion	119,051
Family Self Sufficiency Program escrows	62,737
Net pension liability	<u>908,775</u>
Total non-current liabilities	<u>1,325,563</u>
Total liabilities	<u>\$ 1,524,812</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	\$ <u>15,344</u>
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NET POSITION

Net position:	
Net investment in capital assets	\$ 2,179,210
Restricted	37,858
Unrestricted	<u>(340,031)</u>
Total net position	<u>\$ 1,877,037</u>

BOONTON HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Operating revenues:	
Tenant revenue	\$ 424,403
HUD grants	1,748,002
Other revenues	<u>74,126</u>
Total operating revenue	<u>2,246,531</u>
Operating expenses:	
Administrative	489,695
Utilities	227,310
Ordinary maintenance and operations	105,846
Insurance expense	27,634
General expenses	29,725
Housing assistance payments	1,414,015
Depreciation	<u>184,615</u>
Total operating expenses	<u>2,478,840</u>
Operating loss	<u>(232,309)</u>
Non-operating revenues:	
Investment income	3,294
Interest expense	<u>(12,602)</u>
Net non-operating revenues (expense)	<u>(9,308)</u>
Loss before capital grants	(241,617)
Capital grants	<u>15,000</u>
Change in net position	(226,617)
Total net position, beginning of year (as restated)	<u>2,103,654</u>
Net position, end of year	<u>\$ 1,877,037</u>

See accompanying notes to financial statements.

BOONTON HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Cash Flows from Operating Activities:	
Cash received from grantors	\$ 1,749,521
Cash received from tenants	502,853
Cash paid to employees	(319,848)
Cash paid to suppliers	<u>(1,948,044)</u>
Net cash flows used by operating activities	<u>(15,518)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(53,314)
Interest paid on capital debt	(12,602)
Principal paid on capital debt	(15,000)
Capital grants	<u>15,000</u>
Net cash flows used by capital and related financing activities	<u>(65,916)</u>
Cash Flows from Investing Activities:	
Deposits into investments	(2,494)
Investment income	<u>3,294</u>
Net cash flows provided by investing activities	<u>800</u>
Net decrease in cash	(80,634)
Cash and cash equivalents, beginning of year	<u>306,760</u>
Cash and cash equivalents, end of year	<u><u>\$ 226,126</u></u>

A reconciliation of cash and cash equivalents
to Statement of Net Position is as follows:

Cash and cash equivalents	\$ 171,883
Restricted cash	<u>54,243</u>
	<u><u>\$ 226,126</u></u>

BOONTON HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

Operating loss	\$ (232,309)
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Adjustments to reconcile operating loss to net cash
used by operating activities:

Depreciation	184,615
Pension Expense	(121,036)

Changes in assets and liabilities:

Accounts receivable - HUD	1,519
Accounts receivable - tenants	(761)
Prepaid expenses	(5,728)
Accounts payable	(543)
Accrued expenses	(3,679)
Accrued compensated absences	7,829
Tenant security deposits	5,008
Prepaid tenant rents	77
Other noncurrent liabilities	<u>149,490</u>

Net cash used by operating activities	\$ <u><u>(15,518)</u></u>
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See accompanying notes to financial statements.

**BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the Town of Boonton ("Boonton Housing Authority") or ("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. 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 within the Town of Boonton. 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.

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.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

In accordance with Statement No. 61 of the Government Accounting Standards Board ("GASB"), the Authority's basic financial statements include those of the Boonton Housing Authority and any component units. Component units are legally separate, tax-exempt 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. Basis of Accounting

The Authority's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, ("GASB 34"), as amended. 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 a Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplemental Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, 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.

In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority incorporates FASB and AICPA guidance into GASB authoritative literature.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

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

In accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, the aforementioned funds are treated as restricted cash and cash equivalents on the Authority's Statements of Net Position and Cash Flows.

New Accounting Standards Adopted

The Authority adopted Statement No. 68 of the Governmental Accounting Standards Board "*Accounting and Financial Reporting for Pensions*". The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense / expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

E. Use of Management Estimates

The preparation of financial statements in conformity 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, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

F. 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. 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 as non-operating.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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 State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A: 5-15.1 provides a list of securities that 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. No governmental unit under GUDPA has ever lost protected deposits.

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. For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

H. Investments

Investments are reported at fair value, which is determined by established market prices. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at their estimated values.

I. Accounts Receivable

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.

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

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Prepaid Expenses

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

K. Capital Assets, Net

Development costs which are comprised of initial development costs, (acquisition costs, modernization costs, and the costs of urban renewal property), site preparation and property betterments, land, structures and equipment are recorded at historical cost. The costs of demolition expenses are capitalized as land improvements.

Depreciation is computed using the straight-line method based on the estimated useful lives of the following asset groups:

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

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

Maintenance and repairs expenditures are charged to operations when incurred. Expenditures determined to represent additions or betterments are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are removed from the books, and any gain or loss is included in operations.

L. 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.

M. Prepaid Tenant Rents

Prepaid tenant rents primarily consists of prepayment of rent by tenants applicable to future periods.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Taxes

The Authority is a unit of local government under New Jersey law and is exempt from real estate, sales and income taxes.

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

P. Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Public Housing Program 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 Statement No. 34, interprogram receivables and payables are eliminated for financial statement purposes, however they are reflected in the Authority's financial data schedule as required by HUD.

Q. Economic Dependency

The Low Rent Public Housing and Housing Choice Voucher programs of the Authority are economically dependent on operating grants and subsidies from HUD.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 2. CASH AND CASH EQUIVALENTS

For the fiscal year ended September 30, 2015, the carrying amount of the Authority's cash and cash equivalents (including restricted cash) was \$226,126, and the bank balances approximated \$261,047.

Of the bank balances, \$250,093 was covered by federal depository insurance and the remaining \$10,954 was collateralized with the pledging financial institution as of September 30, 2015.

Custodial Credit Risk - 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 government does not have a deposit policy for custodial credit risk.

All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

NOTE 3. INVESTMENTS

Investments, stated at fair value in accordance with GASB Statement No. 40, consisted of the following at September 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Certificates of Deposit:		
Lakeland Bank	\$ 6,228	November 13, 2015
Lakeland Bank	97,088	November 30, 2015
ConnectOne Bank	101,005	November 17, 2015
ConnectOne Bank	210,092	September 25, 2016
ConnectOne Bank	50,936	July 13, 2016
Bank of America	42,672	September 9, 2016
Bank of America	<u>22,138</u>	September 9, 2016
	<u>\$ 530,159</u>	

Interest Rate Risk – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - All investments are in financial instruments in accordance with HUD regulations. Treasury Bills and agency notes held by banks in the name of the Authority are fully guaranteed by the federal government. The Authority does not have an investment policy that would further limit investment choices and it places no limit on the amount that can be invested with one issuer.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable, net consists of the following at September 30, 2015:

<u>Description</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 65,837
Accounts receivable - tenants	<u>8,521</u>
Total accounts receivable, net	<u>\$ 74,358</u>

Accounts receivable - HUD

Accounts receivable - HUD represents amounts due from the United States Department of Housing and Urban Development for program subsidy as part of the Authority's Low Rent Public Housing Program. The Authority considers these amounts fully collectible and accordingly, have made no allowance for doubtful accounts.

Accounts receivable - tenants

Accounts receivable - tenants represents amounts due for tenant rents and are stated net of an allowance of \$3,726 at September 30, 2015.

NOTE 5. CAPITAL ASSETS, NET

The following is a summary of the changes in general fixed assets for the fiscal year ended September 30, 2015:

Description	September 30, 2014	Additions	Disposals	Transfers	September 30, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 215,955	\$ -	\$ -	\$ -	\$ 215,955
Construction in Progress	<u>182,751</u>	<u>-</u>	<u>-</u>	<u>(182,751)</u>	<u>-</u>
Total	<u>398,706</u>	<u>-</u>	<u>-</u>	<u>(182,751)</u>	<u>215,955</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	6,214,239	37,865	-	173,851	6,425,955
Furniture and Equipment	<u>276,531</u>	<u>15,449</u>	<u>-</u>	<u>8,900</u>	<u>300,880</u>
Total	<u>6,490,770</u>	<u>53,314</u>	<u>-</u>	<u>182,751</u>	<u>6,726,835</u>
Less: accumulated depreciation	<u>4,328,965</u>	<u>184,615</u>	<u>-</u>	<u>-</u>	<u>4,513,580</u>
Net capital assets	<u>\$ 2,560,511</u>	<u>\$(131,301)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,429,210</u>

Depreciation expense for the fiscal year ended September 30, 2015 amounted to \$184,615.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 6. RESTRICTED CASH AND INVESTMENTS

As of September 30, 2015, restricted cash and restricted investments consisted of the following:

<u>Description</u>	<u>Amount</u>
Housing Assistance Payment Reserves	\$ 37,858
Family Self Sufficiency Deposits	62,737
Capital Fund Revenue Bond Proceeds	<u>93</u>
	<u>\$ 100,688</u>

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

Family Self Sufficiency ("FSS") Program escrows are restricted for use in the Housing Choice Voucher and Low Rent Public Housing Programs by FSS Program participants.

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

NOTE 7. COMPENSATED ABSENCES

Accrued compensated absences represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy.

Compensated absences activity for the year ended September 30, 2015 consisted of the following:

<u>Description</u>	<u>Amount</u>
Beginning compensated absences	\$ 124,452
Compensated absences earned	46,332
Compensated absences redeemed	<u>(38,503)</u>
Ending compensated absences	132,281
Less: current portion	<u>13,230</u>
Compensated absences, net of current portion	<u>\$ 119,051</u>

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 8. NON-CURRENT LIABILITIES

A summary of the Authority's outstanding bonds payable is as follows:

<u>Description</u>	<u>Amount</u>
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. 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.	\$ <u>250,000</u>
Total bonds payable	250,000
Less: current portion	<u>15,000</u>
Bonds payable, excluding current portion	<u>\$ 235,000</u>

Annual debt service for principal and interest over the next five years and in five-year increments thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 15,000	\$ 12,238	\$ 27,238
2017	15,000	11,600	26,600
2018	15,000	10,955	25,955
2019	20,000	10,205	30,205
2020	20,000	9,205	29,205
2021-2025	110,000	30,775	140,775
2026-2027	<u>55,000</u>	<u>4,205</u>	<u>59,205</u>
	<u>\$ 250,000</u>	<u>\$ 89,183</u>	<u>\$ 339,183</u>

Debt service for the year ended September 30, 2015 consisted of the following:

<u>Description</u>	<u>September 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2015</u>	<u>Amounts due within one year</u>
FSS escrows	\$ 63,496	\$ -	\$ (759)	\$ 62,737	\$ -
Accrued compensated absences	124,452	46,332	(38,503)	132,281	13,230
Net pension liability	752,350	156,445	-	908,795	-
Capital fund revenue bonds	<u>265,000</u>	<u>-</u>	<u>(15,000)</u>	<u>250,000</u>	<u>15,000</u>
	<u>\$ 1,205,298</u>	<u>\$ 202,777</u>	<u>\$ (54,262)</u>	<u>\$ 1,353,813</u>	<u>\$ 28,230</u>

Interest expense for the year ended September 30, 2015 totaled \$12,602.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 9. PENSION PLAN

A. Plan Description

The State of New Jersey, Public Employees Retirement System (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 (CAFR), which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

B. Benefits

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

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ 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.

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 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.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 9. PENSION PLAN (continued)

C. Contributions (continued)

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, 2015, the Authority reported a liability of \$908,775 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating local employers, actuarially determined. At June 30, 2015 the Authority's proportion was .004048 percent which was an increase of .000011 percent from its proportion measured at July 1, 2014.

For the year ended September 30, 2015 the Authority recognized pension expense of \$34,805. At September 30, 2015 the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of Assumptions	\$ 97,595	\$ -
Changes in Proportion	17,105	-
Differences between expected and actual experience	21,680	-
Net differences between actual and projected earnings on pension plan investments	-	(14,611)
Net differences between Proportionate Share and actual Contribution	\$ -	(733)
Total	<u>\$ 136,380</u>	<u>\$ (15,344)</u>

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 9. PENSION PLAN (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase / (decrease) in pension expense as follows:

Year ended September 30:	Deferred Outflows of Resources
2016	22,622
2017	22,622
2018	22,621
2019	33,668
2020	<u>19,503</u>
	\$ <u><u>121,036</u></u>

E. Actuarial Assumptions

The total pension liability in the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
Salary Increases 2012-2021	2.15-4.40%, based on age
Thereafter	3.15-5.40%, based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 9. PENSION PLAN (continued)

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 includes the PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

G. Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on the long-term expected rate of return on the pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 9. PENSION PLAN (continued)

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 4.90 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 (3.90 percent) or 1 percentage point higher (5.90 percent) than the current rate.

	1% Decrease (3.90%)	Discount Rate (4.90%)	1% Increase (5.90%)
Authority's proportionate share of the net pension liability	\$ <u>1,129,496</u>	\$ <u>908,775</u>	\$ <u>723,724</u>

NOTE 10. POST-RETIREMENT BENEFITS

The Authority participates in the New Jersey State Health Benefits Program ("the SHBP"), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions" ("OPEB"). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

A retiree may also receive Authority-paid health benefits in accordance with labor agreements if they have twenty-five (25) or more years enrolled in the pension system.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis. For the past three years the Authority has not had any retirees collecting health benefits from the SHBP.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 11. CHANGE IN ACCOUNTING PRINCIPLE

The Authority adopted the provisions of GASB Statement 68, *"Accounting and Financial Reporting for Pensions"* as amended by GASB Statement 71, *"Pension Transition for Contributions made Subsequent to the Measurement Date."* The provisions were effective for periods beginning after June 15, 2014. As of September 30, 2014, the Authority's net position has been reduced by \$758,526 to reflect a net pension liability of \$741,564, deferred outflows of resources of \$27,231 and deferred inflows of resources of \$44,193.

NOTE 12. RESTRICTED NET POSITION

Restricted net position consists of the following at September 30, 2015:

Housing assistance payment reserves	\$ <u>37,858</u>
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Housing assistance payment reserves are restricted for use only in the Housing Choice Voucher Program for tenant rents.

NOTE 13. ECONOMIC DEPENDENCY

The Section 8 and the Public and Indian Housing programs are economically dependent on annual grants from HUD.

NOTE 14. 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.

Property and Liability Insurance - The Authority maintains commercial insurance coverage for property, liability and surety bonds. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles for the years ended September 30, 2015, 2014, and 2013.

NOTE 15. 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 the 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, 2015, the Authority estimates that no material liabilities will result from such audits.

BOONTON HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 16. 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. Management evaluated the activity of the Authority through May 19, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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

To the Board of Commissioners
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") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Boonton Housing Authority's basic financial statements, and have issued our report thereon dated May 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boonton Housing Authority's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boonton Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Boonton Housing 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boonton Housing 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 result 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.

May 19, 2016
Toms River, New Jersey

Fallon & Larsen LLP



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY CIRCULAR OMB 04-04**

To the Board of Commissioners
Boonton Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Boonton Housing Authority ("the Authority"), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Boonton Housing Authority's major federal programs for the year ended September 30, 2015. Boonton Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Boonton Housing 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State of New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards 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 Boonton Housing 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 Boonton Housing Authority's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY CIRCULAR OMB 04-04 (continued)**

Opinion on Each Major Federal Program

In our opinion, Boonton Housing 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, 2015.

Report on Internal Control Over Compliance

Management of Boonton Housing 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 Boonton Housing 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 OMB Circular A-133 and New Jersey Circular 04-04, 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 Boonton Housing 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.

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 OMB Circular A-133 and New Jersey Circular 04-04. Accordingly, this report is not suitable for any other purpose.

May 19, 2016
Toms River, New Jersey

Fallon & Larsen LLP

SUPPLEMENTAL INFORMATION

BOONTON HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period		Grant Award	Fiscal Year Cash Receipts	Fiscal Year Expenditures	Cumulative Expenditures
			From	To				
<u>U.S. Department of Housing and Urban Development</u>								
Low Rent Public Housing:								
NJ052-00000114D	14.850	N/A	1/1/14	12/31/14	179,168	98,063	98,063	179,168
NJ052-00000115D	14.850	N/A	1/1/15	12/31/15	175,877	78,636	78,636	117,389
Grant subtotal					355,045	176,699	176,699	296,557
Section 8 Housing Choice Voucher Program:								
NJ0460-2FPH-2013	14.871	N/A	10/1/13	09/30/14	1,475,865	1,473,424	1,623,736	1,582,888
Public Housing Capital Fund Program:								
NJ39P052501-11	14.872	N/A	8/3/11	8/2/15	76,529	6,697	6,697	76,529
NJ39P052501-12	14.872	N/A	2/11/12	3/11/16	70,841	21,733	21,733	64,474
NJ39P048501-13	14.872	N/A	9/9/13	9/8/17	68,066	40,630	40,630	40,630
NJ39P048501-14	14.872	N/A	5/13/14	5/12/18	70,629	43,819	43,819	43,819
Grant subtotal					286,065	112,879	112,879	225,452
Totals					\$ 2,116,975	\$ 1,763,002	\$ 1,913,314	\$ 2,104,897

BOONTON HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Boonton Housing Authority under programs of the federal government for the year ended September 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Boonton Housing Authority, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Boonton Housing Authority.

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 OMB Circular A-87, Cost Principles for State, Local and Indian Tribes, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3. SUBRECIPIENTS

The Authority did not pass-through any federal awards to subrecipients.

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended September 30, 2015.

BOONTON HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 5. STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

	<u>501-11</u>	<u>501-12</u>	<u>501-13</u>	<u>501-14</u>	<u>Total</u>
Budget	\$ <u>76,529</u>	\$ <u>70,841</u>	\$ <u>68,066</u>	\$ <u>70,629</u>	\$ <u>286,065</u>
<u>Advances:</u>					
Cumulative through 09/30/2014	\$ 69,832	\$ 42,741	\$ -	\$ -	\$ 112,573
Current year	<u>6,697</u>	<u>21,733</u>	<u>40,630</u>	<u>43,819</u>	<u>112,879</u>
Cumulative through 09/30/2015	<u>76,529</u>	<u>64,474</u>	<u>40,630</u>	<u>43,819</u>	<u>225,452</u>
<u>Costs:</u>					
Cumulative through 09/30/2014	69,832	42,741	-	-	112,573
Current year	<u>6,697</u>	<u>21,733</u>	<u>40,630</u>	<u>43,819</u>	<u>112,879</u>
Cumulative through 09/30/2015	<u>76,529</u>	<u>64,474</u>	<u>40,630</u>	<u>43,819</u>	<u>225,452</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTES TO SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

- 1) The total amount of Capital Fund Program Costs and Advances incurred and earned by the Boonton Housing Authority as of and for the year ended September 30, 2015 are provided herein.
- 2) Capital Fund Grant No. NJ39P05250111 with an approved funding of \$76,529 has been fully drawn down and expended as per Capital Fund Grant Regulations.

**BOONTON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2015**

I. Summary of Auditor's Results

Financial Statement Section

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| a. | Material weakness(es) identified? | No |
| b. | Were significant deficiencies identified not considered to be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|---|------------|
| 1. | Dollar threshold used to distinguish between type and A and type B programs: | \$300,000 |
| 2. | Auditee qualified as low-risk Auditee? | No |
| 3. | Type of auditor's report on compliance for major programs: | Unmodified |
| 4. | Internal Control over compliance: | |
| a. | Material weakness(es) identified? | No |
| b. | Were significant deficiencies not considered to be material weaknesses? | No |
| c. | Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) | No |
| 5. | Identification of major programs: | |

CFDA Number

Name of Federal Program

14.871

Section 8 Housing Choice Voucher Program

BOONTON HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
SEPTEMBER 30, 2015

II. Financial Statement Findings

There were no financial statement findings for the year.

III. Federal Award Findings and Questioned Costs

There were no federal award findings for the current year.

IV. Schedule of Prior Year Audit Findings

Observation: There were four (4) revolving store credit accounts in use at the time of audit. The internal controls required by the state to lawfully open such an account were not in place at the time of audit. Expenditures were made for items which the Authority unnecessarily paid state sales tax on. Finance charges and late fees were being charged to the Authority because bills were not being paid in a timely manner and the Authority also paid the same invoice twice.

Status: The finding has been cleared.

**BOONTON HOUSING AUTHORITY
REQUIRED PENSION INFORMATION
SEPTEMBER 30, 2015**

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

	September 30, <u>2013</u>	September 30, <u>2014</u>	September 30, <u>2015</u>
Contractually required contribution	\$ 29,661	\$ 32,652	\$ 34,805
Contributions in relation to the contractually required contribution	<u>29,661</u>	<u>32,652</u>	<u>34,805</u>
(Over) / under funded	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority's covered-employee payroll	\$ <u>296,698</u>	\$ <u>301,681</u>	\$ <u>323,988</u>
Contributions as a percentage of covered- employee payroll	<u>10.00</u> %	<u>10.82</u> %	<u>10.74</u> %

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

	September 30, <u>2013</u>	September 30, <u>2014</u>	September 30, <u>2015</u>
Authority's proportion of the net pension liability	<u>0.0039</u> %	<u>0.0040</u> %	<u>0.0040</u> %
Authority's proportionate share of the net pension liability	\$ <u>752,350</u>	\$ <u>741,564</u>	\$ <u>908,775</u>
Authority's covered-employee payroll	\$ <u>296,698</u>	\$ <u>301,681</u>	\$ <u>323,988</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	<u>253.57</u> %	<u>245.81</u> %	<u>280.50</u> %
Plan fiduciary net position as a percentage of the total pension liability	<u>48.72</u> %	<u>52.08</u> %	<u>47.93</u> %

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

Boonton Housing Authority (NJ052)									
BOONTON, NJ									
Financial Data Schedule (FDS)									
September 30, 2015									
Line Item #			Account Description		PROJECTS	SECTION 8 HCV	CDBG	TOTAL	
			ASSETS:						
			CURRENT ASSETS:						
			Cash:						
111			Cash - unrestricted		\$ 124,389	\$ -	\$ -	\$ 124,389	
112			Cash - restricted - modernization and development		-	-	-	-	
113			Cash - other restricted		93	54,150	-	54,243	
114			Cash - tenant security deposits		47,494	-	-	47,494	
115			Cash - restricted for payment of current liabilities		-	-	-	-	
100			Total cash		171,976	54,150	-	226,126	
			Accounts and notes receivables:						
121			Accounts receivable - PHA projects		-	-	-	-	
122			Accounts receivable - HUD other projects		14,519	51,318	-	65,837	
124			Accounts receivable - other government		-	-	-	-	
125			Accounts receivable - miscellaneous		-	-	-	-	
126			Accounts receivable- tenants		12,247	-	-	12,247	
126.1			Allowance for doubtful accounts - tenants		(3,726)	-	-	(3,726)	
126.2			Allowance for doubtful accounts - other		-	-	-	-	
127			Notes and mortgages receivable- current		-	-	-	-	
128			Fraud recovery		-	-	-	-	
128.1			Allowance for doubtful accounts - fraud		-	-	-	-	
129			Accrued interest receivable		1,091	78	-	1,169	
120			Total receivables, net of allowances for doubtful accounts		24,131	51,396	-	75,527	
131			Investments - unrestricted		457,084	26,630	-	483,714	
132			Investments - restricted		-	46,445	-	46,445	
135			Investments - restricted for payment of current liability		-	-	-	-	
142			Prepaid expenses and other assets		19,791	-	-	19,791	
143			Inventories		-	-	-	-	
143.1			Allowance for obsolete inventories		-	-	-	-	
144			Interprogram - due from		-	-	-	-	
145			Assets held for sale		-	-	-	-	
150			TOTAL CURRENT ASSETS		672,982	178,621	-	851,603	
			NONCURRENT ASSETS:						
			Fixed assets:						
161			Land		215,955	-	-	215,955	
162			Buildings		6,252,104	-	173,851	6,425,955	
163			Furniture, equipment & machinery - dwellings		209,695	-	-	209,695	
164			Furniture, equipment & machinery - administration		91,185	-	-	91,185	
165			Leasold improvements		-	-	-	-	
166			Accumulated depreciation		(4,509,234)	-	(4,346)	(4,513,580)	
167			Construction in Progress		-	-	-	-	
168			Infrastructure		-	-	-	-	
160			Total fixed assets, net of accumulated depreciation		2,259,705	-	169,505	2,429,210	
			Other non-current assets:						
171			Notes and mortgages receivable - non-current		-	-	-	-	
172			Notes and mortgages receivable-non-current - past due		-	-	-	-	
174			Other assets		-	-	-	-	
175			Undistributed debits		-	-	-	-	
176			Investment in joint ventures		-	-	-	-	
180			TOTAL NONCURRENT ASSETS		2,259,705	-	169,505	2,429,210	
200			Deferred Outflows of Resources		84,510	51,870	-	136,380	
290			TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		\$ 3,017,197	\$ 230,491	\$ 169,505	\$ 3,280,813	

Boonton Housing Authority (NJ052)								
BOONTON, NJ								
Financial Data Schedule (FDS)								
September 30, 2015								
Line Item #			Account Description		PROJECTS	SECTION 8 HCV	CDBG	TOTAL
LIABILITIES AND EQUITY:								
Liabilities:								
Current Liabilities:								
311			Bank overdraft		\$ 10,889	\$ -	\$ -	10,889
312			Accounts payable ≤ 90 days		-	-	-	-
313			Accounts payable > 90 days past due		-	-	-	-
321			Accrued wage/payroll taxes payable		-	-	-	-
322			Accrued compensated absences - current portion		7,121	6,109	-	13,230
324			Accrued contingency liability		-	-	-	-
325			Accrued interest payable		4,833	-	-	4,833
331			Accounts payable - HUD PHA programs		-	509	-	509
332			Accounts payable - PHA projects		-	-	-	-
333			Accounts payable - other government		82,603	-	-	82,603
341			Tenant security deposits		47,494	-	-	47,494
342			Deferred revenue		503	-	-	503
343			Current portion of L-T debt - capital projects		15,000	-	-	15,000
344			Current portion of L-T debt - operating borrowings		-	-	-	-
345			Other current liabilities		-	-	-	-
346			Accrued liabilities - other		24,188	-	-	24,188
347			Interprogram - due to		-	-	-	-
310			TOTAL CURRENT LIABILITIES		192,631	6,618	-	199,249
NONCURRENT LIABILITIES:								
351			Long-term debt, net of current - capital projects		235,000	-	-	235,000
352			Long-term debt, net of current - operating borrowings		-	-	-	-
353			Non-current liabilities- other		-	62,737	-	62,737
354			Accrued compensated absences - noncurrent		64,106	54,945	-	119,051
355			Loan Liability - Non Current		-	-	-	-
356			FASB 5 Liabilities		-	-	-	-
357			Accrued pension and OPEB liabilities		563,141	345,634	-	908,775
350			TOTAL NONCURRENT LIABILITIES		862,247	463,316	-	1,325,563
300			TOTAL LIABILITIES		1,054,878	469,934	-	1,524,812
400			Deferred Inflows of Resources		9,308	5,836	-	15,344
EQUITY:								
508.1			Invested in Capital Assets, Net of Related Debt		2,009,705	-	169,505	2,179,210
511.1			Restricted Net Assets		-	37,858	-	37,858
512.1			Unrestricted Net Assets		(56,894)	(283,137)	-	(340,031)
513			TOTAL EQUITY		1,952,811	(245,279)	169,505	1,877,037
600			TOTAL LIABILITIES AND EQUITY		\$ 3,017,197	\$ 230,491	\$ 169,505	\$ 3,401,849
Proof of concept					-	-	-	-

Boonton Housing Authority (NJ052)						
BOONTON, NJ						
Financial Data Schedule (FDS)						
September 30, 2015						
Line Item #	Account Description	OPERATING	CAPITAL	SECTION 8 HCV	CDBG	TOTAL
REVENUE:						
70300	Net tenant rental revenue	\$ 423,793	\$ -	\$ -	\$ -	\$ 423,793
70400	Tenant revenue - other	610	-	-	-	610
70500	Total tenant revenue	424,403	-	-	-	424,403
70600	HUD PHA grants	176,699	97,879	1,473,424	-	1,748,002
70610	Capital grants	-	15,000	-	-	15,000
70710	Management fee	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-
70750	Other fees	-	-	-	-	-
70800	Other government grants	-	-	-	-	-
71100	Investment income - unrestricted	3,133	-	161	-	3,294
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-
71500	Other revenue	13,283	-	60,843	-	74,126
71600	Gain or loss on sale of fixed assets	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	TOTAL REVENUE	617,518	112,879	1,534,428	-	2,264,825
EXPENSES:						
Administrative						
91100	Administrative salaries	124,744	10,116	123,286	-	258,146
91200	Auditing fees	6,415	-	3,000	-	9,415
91300	Outside management fees	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-
91500	Employee benefit contributions- administrative	62,389	-	44,476	-	106,865
91600	Office expenses	69,156	-	37,932	-	107,088
91700	Legal expenses	5,150	-	2,000	-	7,150
91800	Travel	1,031	-	-	-	1,031
91810	Allocated overhead	-	-	-	-	-
91900	Other	-	-	-	-	-
92000	Asset Management Fee	-	-	-	-	-
Tenant services						
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-
Utilities						
93100	Water	39,119	-	-	-	39,119
93200	Electricity	47,022	-	-	-	47,022
93300	Gas	52,575	-	-	-	52,575
93400	Fuel	-	-	-	-	-
93500	Labor	48,071	-	-	-	48,071
93600	Sewer	23,490	-	-	-	23,490
93700	Employee benefit contributions- utilities	17,033	-	-	-	17,033
93800	Other utilities expense	-	-	-	-	-
Ordinary maintenance & operation						
94100	Ordinary maintenance and operations - labor	17,938	-	-	-	17,938
94200	Ordinary maintenance and operations - materials & other	22,940	-	-	-	22,940
94300	Ordinary maintenance and operations - contract costs	58,155	-	-	-	58,155
94500	Employee benefit contributions- ordinary maintenance	6,813	-	-	-	6,813
Protective services						
95100	Protective services - labor	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-

Boonton Housing Authority (NJ052)						
BOONTON, NJ						
Financial Data Schedule (FDS)						
September 30, 2015						
Line Item #	Account Description	OPERATING	CAPITAL	SECTION 8 HCV	CDBG	TOTAL
	General expenses					
96100	Insurance premiums	-	-	-	-	-
96110	Property Insurance	12,880	-	-	-	12,880
96120	Liability Insurance	6,514	-	-	-	6,514
96130	Workmans Comp Insurance	6,314	-	1,726	-	8,240
96200	Other general expenses	596	-	1,590	-	2,186
96210	Compensated absences	1,009	-	6,821	-	7,830
96300	Payments in lieu of taxes	19,709	-	-	-	19,709
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96700	Interest expense	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	12,602	-	-	-	12,602
96730	Amortization of bond issue costs	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96900	TOTAL OPERATING EXPENSES	661,865	10,116	220,831	-	892,812
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(44,347)	102,763	1,313,597	-	1,372,013
97100	Extraordinary maintenance	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	1,356,379	-	1,356,379
97350	HAP Portability - in	-	-	57,636	-	57,636
97400	Depreciation expense	180,269	-	-	4,346	184,615
97500	Fraud losses	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
90000	TOTAL EXPENSES	842,134	10,116	1,634,846	4,346	2,491,442
	OTHER FINANCING SOURCES (USES)					
10010	Operating transfers in	74,333	13,430	-	-	87,763
10020	Operating transfers out	(13,430)	(74,333)	-	-	(87,763)
10030	Operating transfers from/to primary government	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-
10091	Inter Project excess cash transfer in	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-
10093	Transfers between program and project in	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	60,903	(60,903)	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(163,713)	41,860	(100,418)	(4,346)	(226,617)
MEMO ACCOUNT INFORMATION:						
11020	Required annual debt principal payments	-	15,000	-	-	15,000
11030	Beginning equity	2,544,700	-	143,629	173,851	2,862,180
11040	Prior period adjustments and equity transfers	(470,036)	-	(288,490)	-	(758,526)
11170	Administrative fee equity	-	-	16,463	-	16,463
11180	Housing assistance payments equity	-	-	-	-	-
		-	-	16,463	-	16,463
11190	Unit months available	888	-	1,908	-	2,796
11210	Number of unit months leased	869	-	1,701	-	2,570
	Equity Roll Forward Test:					
	Calculation from R/E Statement	\$ 1,952,811		\$ (245,279)	\$ 169,505	\$ 1,877,037
	B/S Line 513	\$ 1,952,811		\$ (245,279)	\$ 169,505	\$ 1,877,037
		\$ -	\$ -	\$ -	\$ -	\$ -