

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **Financial Reporting Entity - continued**

The decision to include a potential unit in the Authority's reporting entity is based on several criteria set forth in GASB Statement No. 39, including legal standing, fiscal dependency, and financial accountability.

**Board of Commissioners** - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:

1. The ability of the Board to exercise supervision of a component unit's financial independence.
2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.
3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.
4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

### **Other accounting policies are as follows**

1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.

4 – Operating subsidies received from HUD are recorded as income when earned.

5 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

6 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

## HOUSING AUTHORITY OF THE TOWN OF NEWTON

### Notes to Financial Statements

December 31, 2020

#### **Other accounting policies - continued**

7 – The Authority does not have any infrastructure assets for its Enterprise Fund.

8 – Inter-fund receivable and payables arise from inter-fund transactions and are recorded by all funds in the period in which the transactions are executed.

9- Advertising cost is charged to expense when incurred.

10- When expenses are incurred where both restricted and unrestricted net positions are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net position will be used.

11- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

#### 12- Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115. Under federal, state, and local law, the Authority's program is exempt from income, property and excise taxes.

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **Other accounting policies - continued**

#### 13 - Net Position

In accordance with the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"*, the Authority has classified its net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

*Net Investment in Capital Assets* - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This component of net position consists of net position that do not meet the definitions of "restricted" or "net investment in capital assets."

#### 14 - Unearned Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenses have been incurred in compliance with grant restrictions. Amounts unspent are recorded in the statement of net position as unearned revenue.

#### 15 Operating Revenue and Expenses

Operating revenue includes operating grants and subsidies, tenants dwelling rents, and all other revenue relating to the provision of safe, decent, and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent, and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **Other accounting policies - continued**

#### 16 Nonoperating Revenue and Expenses

The Authority's nonoperating revenue relates primarily to capital grants provided by HUD, donations of capital assets and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

#### 17-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2020.

#### 18- Recent Accounting Pronouncements

The Authority has implemented all new accounting pronouncements that are in effect and that may impact its financial statements. The Authority does not believe that there are any new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### **Budgetary and Policy Control**

The Authority submits its annual operating budgets and capital budgets to HUD. The Authority also submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.



**HOUSING AUTHORITY OF THE TOWN OF NEWTON**

Notes to Financial Statements

December 31, 2020

**Revenue from Rental Contracts**

The Authority recognizes rental revenue from tenant(s) who entered into a lease agreement (contract) for a unit in the development. The lease agreement allows the tenant use of the unit the expiration of the lease term or cancellation by the tenant or landlord due to cause. Lease terms are for one year, unless mutually agreed to by the landlord and the tenant(s) prior to move in. Tenant(s) must be income qualified in accordance with income limitations before allowed to occupy unit.

The lease agreement has similar terms therefore, all lease contract revenue has been aggregated in the caption rental revenue in the statement of income. The lease contract revenue is recognized at the end of each month when the performance obligation of providing a unit is complete. The performance obligation each month also includes applicable maintenance services provided to maintain the tenant(s) unit and the buildings(s). Since the performance of these services are completed simultaneously each month, they are treated as performance obligation.

Tenant(s) lease payments are due the first day of each month of the lease term. The monthly unit rental charge is determined based on HUD calculation. Any tenant(s) rental payment not received by the fifth day of each month will be charged a late fee. Any rental payment received in advance of the first day of the month are recognized as deferred revenue since the conditions for recognizing revenue will not occur until the end of the following month.

**Activities** - The programs administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Units Authorized</u>
<u>Public Housing</u>		
Public and Indian Housing Program	14.850	80
Public Housing CARES Act Funds	14.PHC	
Public Housing Capital Fund Program	14.872	N/A

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD’s rent subsidy program provides housing assistance to low-income families so that they are able to lease “decent, safe, and sanitary” housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family’s adjusted monthly income, (b) 10% of the family’s monthly income, or (c) the Housing Authority of the Town of Newton flat rent amount.

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **Activities - Continued**

#### Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

#### PIH CARES Act Programs

The CARES Act requires that recipients use of CARES grants be tied to preventing, preparing for, and responding to COVID-19, including maintaining normal operations and funding eligible affordable housing activities under NAHASDA during the period the program is impacted by COVID-19. These funds may also be used to maintain normal operations and fund eligible activities during the period that a recipient's program is impacted by COVID-19. HUD expects and encourages recipients to expend funds expeditiously given the ongoing COVID-19 National Emergency.

### **NOTE 2 – ESTIMATES**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **NOTE 3 - PENSION PLAN**

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

On the web: <http://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-pers18.pdf>

#### Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.20% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2020 amounted to \$-0-.

#### Post Employment Retirement Benefits

The Authority provides post employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **NOTE 4 – CASH, CASH EQUIVALENTS**

The Authority's cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment includes cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. 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.

#### **Concentration of Credit Risk**

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/FSLIC 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. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

#### **Risk Disclosures**

##### Collateral for Deposits

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 which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

##### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2020, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

**HOUSING AUTHORITY OF THE TOWN OF NEWTON**

Notes to Financial Statements

December 31, 2020

**NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED**

Credit Risk

This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities. The Authority's checking accounts and investments are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it. The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	<u>December-20</u>
Insured	\$ 366,021
Collateralized held by pledging bank's trust department in the Authority's name	<u>187,182</u>
Total Cash, Cash Equivalents	<u><u>\$ 553,203</u></u>

**Restricted Deposits**

The Authority has total restricted cash on December 31, 2020, in the amount of \$51,560 which consists of tenant security deposits. These amounts are held as security deposits for the tenants of the Public and Indian Housing Program in an interest bearing accounts.

The Authority investments on December 31, 2020 included the following:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
St of NJ Management Fund	Upon Demand	\$ 64,461

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts Receivable on December 31, 2020, and consisted of the following:

	<u>December-20</u>
Accounts Receivable - Tenants	\$ 2,509
Less Allowance for Doubtful Accounts	<u>(1,460)</u>
Net Accounts Receivable	<u><u>1,049</u></u>

Tenants' rents are due the first of each month. Management considers rents outstanding after the 5<sup>th</sup> day of the month as past due and late charges are applied accordingly. The Housing Authority of the Town of Newton carries its accounts receivable at cost less an allowance for doubtful accounts. Accounts are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the individual do not exhibit the ability to meet their obligations. Management continually monitors payment patterns of the tenants, investigates past-due accounts to assess likelihood of collections, and monitors the industry and economic trends to estimate required allowances. It is reasonably possible that management's estimate of the allowance will change.

### **NOTE 6 - PREPAID EXPENSES**

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses on December 31, 2020, consisted of prepaid insurance premiums.

### **NOTE 7 - INTERFUND ACTIVITY**

Interfund activity is reported as short-term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority at December 31, 2020 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.



# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **NOTE 8 - FIXED ASSETS**

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated by an appraised value. Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred. Donated fixed assets are stated at their fair value on the date donated.

#### Depreciation Expense

Depreciation expense on December 31, 2020, was \$39,755. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

1. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	40 years
4. Building Components	15 years
5. Office Equipment	5 years

The Housing Authority of the Town of Newton reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery's reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2020.

## HOUSING AUTHORITY OF THE TOWN OF NEWTON

### Notes to Financial Statements

December 31, 2020

#### **NOTE 8 - FIXED ASSETS - CONTINUED**

Below is a schedule of changes in fixed assets for the twelve months ending December 31, 2020:

	December-19	Additions	December-20
Land	\$ 95,000	\$ -	\$ 95,000
Building	3,622,126	-	3,622,126
Furniture, Equipment - Dwelling	34,106	-	34,106
Furniture, Equipment - Administration	67,600	-	67,600
Construction In Process	-	27,611	27,611
Total Fixed Assets	3,818,832	27,611	3,846,443
Accumulated Depreciation	(3,609,380)	(39,755)	(3,649,135)
Net Book Value	\$ 209,452	\$ (12,144)	\$ 197,308

Below is a schedule of the net book value of the fixed assets for the Authority as of December 31, 2020:

	<u>Net Book Value</u>	<u>December-20</u>
Land	\$ 95,000	\$ 95,000
Building	74,697	74,697
Furniture, Equipment - Dwelling	-	-
Furniture, Equipment - Administration	-	-
Construction In Process	27,611	27,611
Net Book Value	\$ 197,308	\$ 197,308

#### **NOTE 9 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

A deferred outflow is an outflow of resources, which is a consumption of net assets by the government that is applicable to the reporting period. A deferred inflow is an inflow of resources, which is an acquisition of net assets by the government that is applicable to the reporting period.

The OPEB and Pension Liability resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

## HOUSING AUTHORITY OF THE TOWN OF NEWTON

### Notes to Financial Statements

December 31, 2020

#### **NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED**

The Authority's deferred outflows and inflows are as follows:

<b>Deferred Outflows of Resources</b>	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ -	\$ -	\$ -
Changes in Assumptions	-	-	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	1,064	1,064
Total	\$ -	\$ 1,064	\$ 1,064
<b>Deferred Inflows of Resources</b>	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ -	\$ -	\$ -
Changes in Assumptions	-	-	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	280,249	280,249
Total	\$ -	\$ 280,249	\$ 280,249

#### Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$-0- and \$-0-.

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED**

#### Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$-0- and \$-0-.

#### Net Difference between Projected and Actual Investments Earnings on Pension Plan Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$-0- and \$-0-.

#### Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$1,064 and \$280,249.

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **NOTE 10 – ACCOUNTS PAYABLE**

The Authority reported accounts payable on its Statement of Net Position as of December 31, 2020. Accounts payable vendors are amount owing to creditors or generally on open accounts, because of delivered goods and completed services. Accounts payable at December 31, 2020 consist of the following:

	<u>December-20</u>
Accounts Payable Vendors	\$ 23,871
Accounts Payable - Other Government	35,648
Total Accounts Payable	<u>\$ 59,519</u>

### **NOTE 11 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town of Newton. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent. The total amount of PILOT payable on December 31, 2020 is \$35,648, as shown in the below schedule:

	<u>December-20</u>
Balance Beginning of Year	\$ 34,681
P.I.L.O.T. Accrued	35,648
Less: Payments Made	<u>(34,681)</u>
Total P.I.L.O.T. Payable	<u>\$ 35,648</u>

### **NOTE 12 – ACCRUED COMPENSATED ABSENCES**

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

An employee may accumulate vacation leave but need to be used before the end of the following calendar year. Employee may accumulate sick leave without limit and the employee be compensated for accumulated sick leave at a rate of 100% to a maximum of \$15,000 beginning with the change incorporated in 2008.

The Authority, at year end, had no employees and all the past employees were paid for their compensated absences during the 2018 year.

**HOUSING AUTHORITY OF THE TOWN OF NEWTON**

Notes to Financial Statements

December 31, 2020

**NOTE 13 – PENSION AND OPEB LIABILITY**

	<u>December-20</u>
Accrued OPEB Liability	\$ -
Accrued Pension Liability	-
Total OPEB and Pension Liability	<u>\$ -</u>

These amounts arose due to adoption of GASB #75 (OPEB) in 2018 year as well as GASB #68 (Pension) which was adopted in 2014 year. The Authority has no employees since the 2018 year and the State of New Jersey Pension and OPEB liability adjusted the liability for June 30, 2020, audit reports, to reflect the current liability for the Authority.

**NOTE 14 – LONG TERM DEBT**

In May of 2010, the Authority borrowed \$250,000 from Lakeland State Bank for the purpose of converting to energy efficient water closets in each apartment and the installation of two new high efficiency natural gas furnaces at Liberty Towers. The loan had a fixed interest rate of 5.95% and was paid in monthly installments of \$2,781 until November 2015. In November 2015, the interest was adjusted, and monthly installments are now \$2,747. The note is collateralized by a mortgage lien and an assignment of rents and leases on the Authority's building in Newton, New Jersey, and a security interest in all building appurtenances of the mortgaged premises. The loan was paid off during the year.

	<u>Balance</u>	<u>Loan</u>	<u>Payments</u>	<u>Balance</u>
	December-19	Proceeds		December-20
Lakeland Bank	\$ 29,335	\$ -	\$ (29,335)	\$ -

**NOTE 15 – NET INVESTMENT IN CAPITAL ASSETS**

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

Balance December 31, 2019	\$ 180,117
Fixed Asset Additions	27,611
Depreciation Expense	(39,755)
Debt Payment	29,335
Balance December 31, 2020	<u>\$ 197,308</u>



# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **NOTE 16 - UNRESTRICTED**

The Authority's Unrestricted Net Position account balance on December 31, 2020, is \$153,558. The detail of the account balance is as follows:

	PIH Program Reserves
Balance December 31, 2019	\$ (127,897)
Increase During The Year	281,455
Balance December 31, 2020	<u>\$ 153,558</u>

### **NOTE 17 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Authority operations are concentrated in the low-income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD was \$239,456 to the Authority which represents approximately 32% percent of the Authority's total revenue for the year December 31, 2020.

### **NOTE 18 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES**

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended December 31, 2020, were \$143,076.

### **NOTE 19 - CONTINGENCIES AND COMMITMENTS**

Litigation - On December 31, 2020, the Authority was not involved in any threatened litigation.

#### Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended December 31, 2020.

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **NOTE 19 – CONTINGENCIES AND COMMITMENTS**

#### Other Insurance

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters; etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

#### Unemployment Insurance

The Authority provides unemployment insurance through direct billings from the New Jersey Unemployment Insurance Fund. For the year ended December 31, 2020, the Authority paid no benefits from the unemployment reserve. On December 31, 2020, the Authority did not recognize a liability for unpaid, unasserted claims, if any, as these would be deemed immaterial.

#### Construction Commitments

On December 31, 2020, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

#### National Health Emergency

The United States is presently in the midst of a national health emergency related to the COVID-19 virus (coronavirus). The overall consequences of coronavirus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law to provide additional funding to Public Housing Authority's to prevent, prepare for and respond to coronavirus, including to maintain normal operations during the period the program was impacted. During the year ended December 31, 2020, the Authority received a \$13,078 in total CARES Act funding of which \$-0- was unspent. The overall impact of this situation on the Authority and its future results and financial position is not presently determinable.

# HOUSING AUTHORITY OF THE TOWN OF NEWTON

## Notes to Financial Statements

December 31, 2020

### **NOTE 20 – SUBSEQUENT EVENTS**

#### Coronavirus Pandemic:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertification's, and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments because of job loss or other pandemic related issues. The future effects of these issues are unknown. The Authority already received additional operating subsidy from HUD to offset these expenses.

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the Statement of Net Position's date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru February 23, 2022; the date which the financial statements were available for issue 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.

**HOUSING AUTHORITY OF THE TOWN OF NEWTON**

Required Supplementary Information

December 30, 2020

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS**

GASB #75 requires supplementary information which includes changes in the Authority's total OPEB liability along with related ratios as listed below.

<b><u>Total OPEB Liability</u></b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ -	\$ -	\$ -
Interest	-	-	-
Changes in Benefit Terms	-	-	-
Difference Between Expected and Actual Experiences	-	-	-
Changes in Assumptions or Other Inputs	-	-	-
Benefit Payments	-	-	-
Net Change in Total OPEB Liability	-	-	-
Total OPEB Liability, Beginning	-	-	-
Total OPEB Liability, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered, Employee Payroll	\$ -	\$ -	\$ -
Total OPEB Liability as a percentage of covered employee payroll	0.00%	0.00%	0.00%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**HOUSING AUTHORITY OF THE TOWN OF NEWTON**

Required Supplementary Information  
December 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below.

The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2020	2019	2018	2017
Housing Authority's proportion of the net pension liability	0.00000000%	0.00116089%	0.16304800%	0.00162037%
Housing Authority's proportionate share of the net pension liability	\$ -	\$ 209,174	\$ 321,033	\$ 377,196
Housing Authority's covered employee payroll	\$ -	\$ -	\$ 42,174	\$ 174,440
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	100.00%	100.00%	761.21%	216.23%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	43.42%	53.60%	48.01%

*\*The amounts determined for each fiscal year were determined as of June 30.*

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**HOUSING AUTHORITY OF THE TOWN OF NEWTON**

Required Supplementary Information  
December 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below.

	2016	2015	2014
Housing Authority's proportion of the net pension liability	0.00229472%	0.00177869%	0.00261795%
Housing Authority's proportionate share of the net pension liability	\$ 485,937	\$ 399,281	\$ 490,152
Housing Authority's covered employee payroll	\$ 168,135	\$ 202,092	\$ 231,474
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	289.02%	197.57%	211.75%
Plan fiduciary net position as a percentage of the total pension liability	59.86%	52.07%	52.08%



**HOUSING AUTHORITY OF THE TOWN OF NEWTON**

Required Supplementary Information  
December 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

The schedule below displays the Authority's contractually required contributions along with related ratios.

	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ 11,292	\$ 16,218	\$ 15,011
Contribution in relation to the contractually required contribution	-	(11,292)	(16,218)	(15,011)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ -	\$ -	\$ 42,174	\$ 174,440
Contribution as a percentage of covered employee payroll	100.00%	100.00%	38.45%	8.61%

*\*The amounts determined for each fiscal year were determined as of June 30.*

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**HOUSING AUTHORITY OF THE TOWN OF NEWTON**

Required Supplementary Information  
December 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

The schedule below displays the Authority's contractually required contributions along with related ratios.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 14,576	\$ 15,292	\$ 21,582
Contribution in relation to the contractually required contribution	(14,576)	(15,292)	(21,582)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 168,135	\$ 202,092	\$ 231,474
Contribution as a percentage of covered employee payroll	8.67%	7.57%	9.32%

**HOUSING AUTHORITY OF THE TOWN OF NEWTON  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020**

Programs funded by:  
U.S. Department of Housing and Urban Development

<u>CFDA #'s</u>	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Fiscal Year Expenditures</u>	<u>Ending Balance</u>
<u>Public and Indian Housing Program</u>				
NJ076	\$ -	\$ 143,076	\$ 143,076	\$ -
<u>PIH CARES ACT</u>				
NJ076-DC	-	13,078	13,078	
Grant Total 14.850	-	156,154	156,154	-
<u>Public Housing Capital Fund Program</u>				
NJ39P076	-	83,302	83,302	-
Grant Total 14.872	-	83,302	83,302	-
<b>Total Expenditures of Federal Awards</b>	<b>\$ -</b>	<b>\$ 239,456</b>	<b>\$ 239,456</b>	<b>\$ -</b>

**HOUSING AUTHORITY OF THE TOWN OF NEWTON**  
**NOTES TO SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020**

**Note 1. Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the Town of Newton is under programs of the federal government for the year ended December 31, 2020. The information in this 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). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the Town of Newton, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the Town of Newton.

**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 cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

The Housing Authority of the Town of Newton has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

**Note 4. Loans Outstanding:**

Housing Authority of the Town of Newton had \$-0- as a loan balance outstanding at December 31, 2020. Note 14 presented on pages 40 of this report have full disclosure regarding the loan activity for the Housing Authority of the Town of Newton.

**Note 5. Non- Cash Federal Assistance:**

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2020.

**Note 6. Sub recipients:**

Of the federal expenditures presented in the schedule above, the Housing Authority of the Town of Newton did not provide federal awards to any sub recipients.

Newton Housing Authority (NJ076)  
 NEWTON, NJ  
**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act	Subtotal	Total
111 Cash - Unrestricted	\$417,182		\$417,182	\$417,182
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$51,560		\$51,560	\$51,560
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$468,742	\$0	\$468,742	\$468,742
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$2,509		\$2,509	\$2,509
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,460		-\$1,460	-\$1,460
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,049	\$0	\$1,049	\$1,049
131 Investments - Unrestricted	\$64,461		\$64,461	\$64,461
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$10,110		\$10,110	\$10,110
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$544,362	\$0	\$544,362	\$544,362
161 Land	\$95,000		\$95,000	\$95,000
162 Buildings	\$3,622,126		\$3,622,126	\$3,622,126
163 Furniture, Equipment & Machinery - Dwellings	\$34,106		\$34,106	\$34,106
164 Furniture, Equipment & Machinery - Administration	\$67,600		\$67,600	\$67,600
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$3,649,135		-\$3,649,135	-\$3,649,135
167 Construction in Progress	\$27,611		\$27,611	\$27,611
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$197,308	\$0	\$197,308	\$197,308
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$197,308	\$0	\$197,308	\$197,308
200 Deferred Outflow of Resources	\$1,064		\$1,064	\$1,064
290 Total Assets and Deferred Outflow of Resources	\$742,734	\$0	\$742,734	\$742,734
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$23,871		\$23,871	\$23,871
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				

Newton Housing Authority (NJ076)  
 NEWTON, NJ  
**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act	Subtotal	Total
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$35,648		\$35,648	\$35,648
341 Tenant Security Deposits	\$51,560		\$51,560	\$51,560
342 Unearned Revenue	\$540		\$540	\$540
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$111,619	\$0	\$111,619	\$111,619
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$0		\$0	\$0
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0
300 Total Liabilities	\$111,619	\$0	\$111,619	\$111,619
400 Deferred Inflow of Resources	\$280,249		\$280,249	\$280,249
508.4 Net Investment in Capital Assets	\$197,308	\$0	\$197,308	\$197,308
511.4 Restricted Net Position	\$0	\$0	\$0	\$0
512.4 Unrestricted Net Position	\$153,558	\$0	\$153,558	\$153,558
513 Total Equity - Net Assets / Position	\$350,866	\$0	\$350,866	\$350,866
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$742,734	\$0	\$742,734	\$742,734



Newton Housing Authority (NJ076)

NEWTON, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act	Subtotal	Total
70300 Net Tenant Rental Revenue	\$431,722		\$431,722	\$431,722
70400 Tenant Revenue - Other	\$23,345		\$23,345	\$23,345
70500 Total Tenant Revenue	\$455,067	\$0	\$455,067	\$455,067
70600 HUD PHA Operating Grants	\$198,767	\$13,078	\$211,845	\$211,845
70610 Capital Grants	\$27,611		\$27,611	\$27,611
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$1,350		\$1,350	\$1,350
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$45,966		\$45,966	\$45,966
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$728,761	\$13,078	\$741,839	\$741,839
91100 Administrative Salaries				
91200 Auditing Fees	\$6,500		\$6,500	\$6,500
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative				
91600 Office Expenses				
91700 Legal Expense				
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$219,044	\$10,458	\$229,502	\$229,502
91000 Total Operating - Administrative	\$225,544	\$10,458	\$236,002	\$236,002
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water	\$18,392		\$18,392	\$18,392
93200 Electricity	\$43,303		\$43,303	\$43,303
93300 Gas	\$34,216		\$34,216	\$34,216
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$95,911	\$0	\$95,911	\$95,911
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other	\$9,230	\$2,620	\$11,850	\$11,850
94300 Ordinary Maintenance and Operations Contracts	\$72,123		\$72,123	\$72,123
94500 Employee Benefit Contributions - Ordinary Maintenance				

Newton Housing Authority (NJ076)  
 NEWTON, NJ  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act	Subtotal	Total
94000 Total Maintenance	\$81,353	\$2,620	\$83,973	\$83,973
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance	\$44,077		\$44,077	\$44,077
96100 Total insurance Premiums	\$44,077	\$0	\$44,077	\$44,077
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes	\$35,648		\$35,648	\$35,648
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense	-\$92,926		-\$92,926	-\$92,926
96000 Total Other General Expenses	-\$57,278	\$0	-\$57,278	-\$57,278
96710 Interest of Mortgage (or Bonds) Payable	\$753		\$753	\$753
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$753	\$0	\$753	\$753
96900 Total Operating Expenses	\$390,360	\$13,078	\$403,438	\$403,438
97000 Excess of Operating Revenue over Operating Expenses	\$338,401	\$0	\$338,401	\$338,401
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$39,755		\$39,755	\$39,755
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$430,115	\$13,078	\$443,193	\$443,193
10010 Operating Transfer In	\$55,691		\$55,691	\$55,691
10020 Operating transfer Out	-\$55,691		-\$55,691	-\$55,691
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$298,646	\$0	\$298,646	\$298,646
Total Expenses				

Newton Housing Authority (NJ076)  
NEWTON, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act	Subtotal	Total
11020 Required Annual Debt Principal Payments	\$29,335	\$0	\$29,335	\$29,335
11030 Beginning Equity	\$52,220	\$0	\$52,220	\$52,220
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	960		960	960
11210 Number of Unit Months Leased	960		960	960
11270 Excess Cash	\$382,360		\$382,360	\$382,360
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$27,611		\$27,611	\$27,611
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

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

Board of Commissioners  
Housing Authority of the Town of Newton  
32 Liberty Street  
Newton, New Jersey 07860

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, the financial statements of the Housing Authority of the Town of Newton as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Housing Authority of the Town of Newton's basic financial statements, and have issued our report thereon dated February 23, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Housing Authority of the Town of Newton'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 Housing Authority of the Town of Newton's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the Town of Newton's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Housing Authority of the Town of Newton'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.

**Giampaolo & Associates**

Lincroft, New Jersey

Date: February 23, 2022

**HOUSING AUTHORITY OF THE TOWN OF NEWTON**  
Schedule of Findings and Questioned Cost  
Year Ended December 31, 2020

**Prior Audit Findings**

None reported

**Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statement of the Housing Authority of the Town of Newton.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Housing Authority of the Town of Newton were disclosed during the audit.
4. The threshold used for distinguishing between Type A and B programs was \$750,000.
5. Housing Authority of the Town of Newton qualified as a low risk Auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported



**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners  
Housing Authority of the Town of Newton  
32 Liberty Street  
Newton, New Jersey 07860

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended December 31, 2020. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

Housing Authority of the Town of Newton has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC’s UFRS requirements for the submission of the PHA financial data for the year ended December 31, 2020. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

<b>Procedure</b>	<b>UFRS Rule Information</b>	<b>Hardcopy Documents</b>	<b>Agrees</b>	<b>Does Not Agree</b>
<b>1</b>	Balance Sheet and Revenue and Expense (Data lines 111 to 13901)	Financial Data Schedule of all CFDAs, If Applicable	Yes	
<b>2</b>	Footnotes (data element G5000-010)	Footnotes to the audited basic financial statements	Yes	
<b>3</b>	Type of Opinion on FDS (data element G3100-040)	Auditors Report on Supplemental Data	Yes	
<b>4</b>	Audit findings narrative (date element G5200-010)	Schedule of Findings and Questioned Costs	Yes	
<b>5</b>	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Yes	



We were engaged by Housing Authority of the Town of Newton to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on UFRS Rule Information. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of REAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Housing Authority of the Town of Newton and REAC, and is not intended to be, and should not be, used by anyone other than these specified parties.

**Giampaolo & Associates**

Lincroft, New Jersey  
February 23, 2022