

Report On Audit

**OLD BRIDGE TOWNSHIP
HOUSING AUTHORITY**

**For the Year Ended
December 31, 2019**

Old Bridge Township Housing Authority
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Hymanson, Parnes & Giampaolo
Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Old Bridge Township Housing Authority
2000 Route 18 North, Suite 100
Old Bridge, New Jersey 08857

Report on the Financial Statements

We have audited the accompanying financial statements of the Old Bridge Township Housing Authority (a governmental public corporation) in Old Bridge, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of December 31, 2019, and the related statement of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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. 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 Old Bridge Township Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Old Bridge Township Housing Authority's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Old Bridge Township Housing Authority as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof 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 supplemental information budgetary comparison information on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 method 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements Housing Authority of the Township of Old Bridge. The accompanying supplemental information on pages 40-46 is presented for additional analysis and is not required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The electronic filed Financial Data Schedule is presented for additional analysis as required by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center and is also not required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the Financial Data Schedule are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued reports dated October 2, 2020 on our consideration of the Housing Authority of the Township of Old Bridge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Township of Old Bridge 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 Housing Authority of the Township of Old Bridge's internal control over financial reporting and compliance.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: October 2, 2020

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

As Management of the Old Bridge Township Housing Authority (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 16 of this report. New standards issued by GASB have significantly changed the format of the financial statements. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$2,150,581 an increase in the financial position of \$68,505 or 3% percent as compared to the prior year.

As noted above, the net position of the Authority was \$2,150,581 as of December 31, 2019. Of this amount, the unrestricted net position is \$226,086 representing an increase of \$74,382 or 49% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 12 the financial statements, which is included in this report.

The net investment in capital assets remained the same during the year with an ending balance of \$1,061,385.

The restricted net position decreased \$5,877 from the previous year for an ending balance of \$863,110. Additional information on the Authority's restricted and unrestricted net positions can be found in Note 11 to the financial statements.

The Authority's unrestricted cash, and cash equivalent at December 31, 2019 is \$244,144 representing an increase of \$116,315 from the prior year. Total restricted cash decreased \$68,987 or 93% percent for an ending balance of \$5,119. The full detail of these amounts can be found in the Statement of Cash Flows on pages 19-20 of this report.

The Authority's total assets and deferred outflows are \$2,174,116 of which capital assets net book value is \$1,061,385, other assets are \$800,000, total restricted assets of \$5,119, and deferred outflow amount is \$21, which left total current assets at \$307,591. Total current assets increased from the previous year by \$116,393 or 61% percent. Unrestricted cash and cash equivalents increased by \$116,315 and accounts receivables increased by \$78 due to a decrease in portability receivables.

Total noncurrent restricted assets decreased from the previous year by \$63,868 or 93% percent which consisted of restricted cash, cash equivalent balances of \$5,119.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

FINANCIAL HIGHLIGHTS - CONTINUED

Capital assets reported no change from the prior year. A full detail of the capital assets account can be found in the Notes to the Financial Statements section Note – 7 Fixed Assets.

Mortgage receivable – noncurrent reported no change from the prior year. A full detail of the mortgage receivable account can be found in the Notes to the Financial Statements section Note – 8 Mortgage Receivable.

The Authority reported a decrease in the deferred outflow for the pension cost in the amount of \$36 for an ending balance of \$21. The Authority also reported a decrease in the deferred inflow for the pension cost in the amount of \$14,576. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements section Note – 9 Deferred Outflows/Inflows of Resources.

The Authority's total liabilities are reported at \$686. Total liabilities decreased during the year as compared to the prior year in the amount of \$1,440 or 68% percent. Accounts payables decreased by \$1,440.

The Authority had total operating revenue of \$2,194,915 as compared to \$2,273,590 from the prior year for a decrease of \$78,675 or 3% percent. The Authority had total operating expenses of \$2,131,111 as compared to \$2,228,689 from the previous year for a decrease of \$97,578 or 4% percent, resulting in an excess of revenue from operations in the amount of \$63,804 for the current year as compared to an excess of revenue over expenses from operations in the amount of \$44,901 for an increase in excess revenues over expenses of \$18,903 or 42% percent from the previous year.

The Authority had no capital additions for the fiscal year ending December 31, 2019. A full detail of capital fixed assets can be found in the Notes to the Financial Statements section Note – 7 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$1,875,165 for the calendar year 2019 as compared to \$1,819,652 for the previous calendar year 2018 for an increase of \$55,513 or 3% percent.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant program:

1. Section 8 Housing Choice Voucher Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flows
- 4) Notes to the Financial Statements

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's 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 16 through 20.

Statement of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

Statement of Cash Flows— This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable, etc.).

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on pages 21 through 39.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by the Uniform Guidance, Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 40-41 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Old Bridge Township Housing Authority are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended December 31, 2019. Type B programs for the Old Bridge Township Housing Authority are those which are less than \$750,000 in expenditures for the fiscal year ended December 31, 2019.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between December 31, 2019 and December 31, 2018:

Computations of Net Position are as follows:

	<u>Year Ended</u>		Increase
	December-19	December-18	(Decrease)
Cash	\$ 249,263	\$ 196,816	\$ 52,447
Other Current Assets	63,447	63,369	78
Capital Assets - Net	1,061,385	1,061,385	-
Other Assets	800,000	800,000	-
Deferred Outflows	21	57	(36)
Total Assets	<u>2,174,116</u>	<u>2,121,627</u>	52,489
Less: Current Liabilities	(686)	(2,126)	1,440
Less: Deferred Inflows	(22,849)	(37,425)	14,576
Net Position	<u>\$ 2,150,581</u>	<u>\$ 2,082,076</u>	<u>\$ 68,505</u>
Net Investment in Capital Assets	\$ 1,061,385	\$ 1,061,385	\$ -
Restricted Net Position	863,110	868,987	(5,877)
Unrestricted Net Position	226,086	151,704	74,382
Net Position	<u>\$ 2,150,581</u>	<u>\$ 2,082,076</u>	<u>\$ 68,505</u>

Cash increased by \$52,447 or 27% percent. Net cash provided by operating activities was \$62,286, net cash used by capital and related financing activities was \$14,540 and net cash provided by investing activities was \$4,701. The full detail of this amount can be found in the Statement of Cash Flows on pages 19-20 of this audit report.

Accounts receivable increased \$78.

Capital assets reported no change from the prior year. A full detail of the capital assets account can be found in the Notes to the Financial Statements Section Note - 7 Fixed Assets.

The Authority reported a decrease in the deferred outflow for the pension cost in the amount of \$36 for an ending balance of \$21. The Authority also reported a decrease in the deferred inflow for the pension cost in the amount of \$14,576 for an ending balance of \$22,849.

Total current liabilities decreased from the previous year by \$1,440.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's reported net position of \$2,150,581 is made up of three categories. The net investment in capital assets in the amount of \$1,061,385 represents 49% percent of the total account balance. The net investment in capital assets (e.g., land, and office equipment); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing support services for the tenants of the Section 8 Housing Choice Voucher Program; consequently, these assets are not available for future spending. There was no activity in this account for the fiscal year ended December 31, 2019. The balance remained the same from the prior year.

The second largest portion of the Authority's net position reflects its restricted position in the amount of \$863,110 which decreased \$5,877 or 1% percent compared to the prior fiscal year.

The Old Bridge Township Housing Authority operating results for December 31, 2019 reported an increase in unrestricted position of \$74,382 or 49% percent for an ending balance of \$226,086.

During the year, the Authority had no prior period adjustment as opposed to the prior year in the amount of \$14,540 for the recording changes in deferred inflows and outflows in relation to the GASB 68 Net Pension Liability.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Position between December 31, 2019 and December 31, 2018:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase
	December-19	December-18	(Decrease)
<u>Revenues</u>			
HUD Subsidies	\$ 1,875,165	\$ 1,819,652	\$ 55,513
Fraud Recovery	5,499	2,665	2,834
Other Revenues	314,251	451,273	(137,022)
Total Operating Income	<u>2,194,915</u>	<u>2,273,590</u>	<u>(78,675)</u>
<u>Expenses</u>			
Operating Expenses	<u>2,131,111</u>	<u>2,228,689</u>	<u>(97,578)</u>
Total Operating Expenses	<u>2,131,111</u>	<u>2,228,689</u>	<u>(97,578)</u>
Operating Deficit before Non Operating Income	63,804	44,901	18,903
Interest Income	<u>4,701</u>	<u>2,034</u>	<u>2,667</u>
Change in Net Position	68,505	46,935	21,570
Net Position Prior Year	2,082,076	2,020,601	61,475
Prior Period Adjustment	-	14,540	(14,540)
Total Net Position	<u>\$ 2,150,581</u>	<u>\$ 2,082,076</u>	<u>\$ 68,505</u>

Approximately 85% percent of the Authority's total revenue was provided by HUD operating subsidy, while 15% percent resulted from other sources. The Authority experienced an increase in HUD subsidies from the prior year in the amount of \$55,513 or 3% percent.

The Authority operating expenses cover a range of expenses. The largest expense was for Housing Assistance Payments representing 92% percent of total operating expenses. Administrative expenses accounted for 7% percent; other operating expenses accounted for the remaining 1% of the total operating expenses.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority operating revenue exceeded its operating expenses resulting in an excess revenue from operations in the amount of \$63,804 from operations as compared to excess revenue from operations of \$44,901 for the previous year. The key elements for the increase in excess revenue in comparison to the prior year are as follow:

- The Authority reported an increase in Section 8 Housing Choice Voucher grants provided by HUD in the amount of \$55,513 or 3% percent.
- Fraud Recovery increased \$2,834 or 106% percent.
- Housing assistance payments decreased in the amount of \$65,705 or 3% percent.

Total net cash provided by operating activities during the year was \$62,286. A full detail of this amount can be found on the Statement of Cash Flows on pages 19-20 of this report.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following are financial highlights of significant items for a four-year period of time ending on December 31, 2019.

	December-19	December-18	December-17	December-16
Significant Income				
HUD Operating Grants	\$ 1,875,165	\$ 1,819,652	\$ 1,775,299	\$ 1,780,569
Fraud Recovery	5,499	2,665	3,669	2,338
Investment Income	4,701	2,034	502	281
Other Income	314,251	451,273	399,315	320,472
Total	\$ 2,199,616	\$ 2,275,624	\$ 2,178,785	\$ 2,103,660
Payroll Expense				
Administrative Salaries	\$ -	\$ -	\$ -	\$ -
Employee Benefits Expense	-	-	3,507	4,443
Total Payroll Expense	-	\$ -	\$ 3,507	\$ 4,443
Other Significant Expenses				
Other Administrative Expenses	\$ 159,274	\$ 182,980	\$ 176,485	\$ 173,107
Other General Expenses	16,569	24,736	21,337	20,685
Housing Assistance Payments	1,955,268	2,020,973	1,951,320	1,869,730
Total	\$ 2,131,111	\$ 2,228,689	\$ 2,149,142	\$ 2,063,522
Total Operating Expenses	\$ 2,131,111	\$ 2,228,689	\$ 2,152,649	\$ 2,067,965
Total of Federal Awards	\$ 1,875,165	\$ 1,819,652	\$ 1,775,299	\$ 1,780,569

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of subsidies received from HUD and portability income received from other Authorities. The Authority receives subsidies each month based on a pre-approved amount by HUD. The Authority's revenues were sufficient to cover all expenses.

THE OLD BRIDGE TOWNSHIP HOUSING AUTHORITY PROGRAMS

Section 8 Housing Choice Voucher Program:

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at approximately 30% of household income subject to certain restrictions

Township of Old Bridge Affordable Housing Trust Fund:

The Authority administers an affordable housing trust fund, for the Township, which is to provide housing assistance payments for families residing in the Township of Old Bridge (C.O.H.A.).

BUDGETARY HIGHLIGHTS

For the year ended December 31, 2019, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

The budget for the Section 8 Housing Choice Voucher Program was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The Section 8 Housing Choice Voucher program Housing Assistance Payments (HAP) funds were approved by the U.S. Department of Housing and Urban Development (HUD) on a basis consistent with the grant application covering HAP programs.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

NEW INITIATIVES

For the year 2019 and carrying over to 2020 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 85% percent of its revenue from the Department of Housing and Urban Development, (2018 was 80% percent), the Authority are constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services. Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the Old Bridge Township all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's investment in capital assets as of December 31, 2019 is \$1,061,385 (net of accumulated depreciation). This investment in capital assets includes land, and office equipment. There was no change in the account during the fiscal year ended December 31, 2019.

	December-18	Additions	December-19
Land	\$ 1,061,385		\$ 1,061,385
Furniture, Equipment - Administration	31,988	-	31,988
Total Fixed Assets	1,093,373	-	1,093,373
Accumulated Depreciation	(31,988)	-	(31,988)
Net Book Value	\$ 1,061,385	\$ -	\$ 1,061,385

Additional information on the Authority's capital assets can be found in Note 7 to the financial statements, which is included in this report.

2-Debt Administration

The Housing Choice Voucher Program does not have any long-term debt at this time.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Old Bridge Township Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. We do not expect this consistent trend to change.

The following factors were considered in preparing the Authority's budget for the fiscal year ending December 31, 2020.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- The need for Congress to fund the Department of Defense and Homeland Security due to the war on terrorism and other impending military activities will probably result in reduced appropriations for all other domestic program spending.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.

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 Mark Noble, Executive Director, Old Bridge Township Housing Authority, 2000 Route 18 North, Suite 100, Old Bridge, New Jersey 08857, or call (732) 607-6383.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF NET POSITION - 1
AS OF DECEMBER 31, 2019

	2019
Assets	
Current Assets:	
Cash, Cash Equivalents - Unrestricted	\$ 244,144
Accounts Receivables, Net of Allowances	63,447
Total Current Assets	307,591
 Restricted Deposits and Funded Reserves	
HCV HAP Reserve	5,119
Total Restricted Deposits and Funded Reserves	5,119
 Noncurrent Assets	
Capital Assets	
Land	1,061,385
Furniture, Equipment - Administration	31,988
Total Capital Assets	1,093,373
Less: Accumulated Depreciation	(31,988)
Net Book Value	1,061,385
 Other Assets	
Mortgage Receivable	800,000
Total Noncurrent Assets	1,866,504
Total Assets	2,174,095
 Deferred Outflow of Resources	
State of New Jersey P.E.R.S.	21
Total Assets and Deferred Outflow of Resources	\$ 2,174,116

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF NET POSITION - 2
AS OF DECEMBER 31, 2019

	2019
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 686
Total Current Liabilities	686
Total Liabilities	686
 Deferred Inflow of Resources	
State of New Jersey P.E.R.S.	22,849
 Net Position:	
Net Investment in Capital Assets	1,061,385
Restricted	863,110
Unrestricted	226,086
Total Net Position	2,150,581
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 2,174,116

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019

	2019
Revenue:	
HUD PHA Operating Grants	\$ 1,875,165
Fraud Recovery	5,499
Other Revenue	314,251
Total Revenue	2,194,915
 Operating Expenses:	
Administration:	
Audit Fee's	6,405
Management Fee	120,000
Other Administrative Expenses	32,869
Total Administrative Expenses	159,274
 Other Operating Expenses:	
General Expenses	10,286
Insurance Premiums	6,283
Housing Assistance Payments	1,955,268
Total Other Operating Expenses	1,971,837
Total Operating Expenses	2,131,111
 Excess Revenue Over Expenses From Operations	63,804
 Non Operating Income:	
Investment Income	4,701
 Change in Net Position	68,505
 Beginning Net Position	2,082,076
 Ending Net Position	\$ 2,150,581

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF CASH FLOWS- 1
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019

	2019
Cash Flow From Operating Activities	
Receipts from Federal Grants	\$ 1,875,165
Receipts from Fraud Recovery	1,565
Receipts from Other Sources	314,251
Payments to Vendors and Suppliers	(133,427)
Payments for Housing Assistance Payments	(1,995,268)
Net Cash Provided by Operating Activities	62,286
 Cash Flow From Capital and Related Financing Activities	
Net Effect of Deferred Inflows and Outflows	(14,540)
Net Cash Used by and Related Financing Activities	(14,540)
 Cash Flow From Investing Activities	
Interest Income	4,701
Net Cash Provided by Investing Activities	4,701
 Net Increase in Cash and Cash Equivalents	52,447
 Beginning Cash	196,816
 Ending Cash	\$ 249,263
 Reconciliation of Cash Balances:	
Cash and Cash Equivalents - Unrestricted	\$ 244,144
Cash and Cash Equivalents - Restricted	5,119
Total Ending Cash	\$ 249,263

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019

	2019
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Excess of Revenue From Operations	\$ 63,804
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:	
 (Increase) Decrease in:	
Accounts Receivables	(78)
Increase (Decrease) in:	
Accounts Payable	(1,440)
Net Cash Provided by Operating Activities	\$ 62,286

See accompanying notes to the financial statements.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2019

NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization - The Authority is a non-profit corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 40A:12A-1 et al the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Old Bridge Township in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority.

Operating grant is provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of Old Bridge and Township Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the Old Bridge Township reporting entity.

Based on the following criteria, the Authority has not identified any entity which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in GASB's #61 *The financial Reporting Entity* and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The organization is fiscal dependency on the primary government.
- C. The organization has potential to impose a financial benefit or burden on the primary government.
- D. The organization meets the financial accountability criteria for inclusion as a component unit of the primary government.
- E. The primary government is able to impose its will on the organization.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2019

2. Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority.

The Authority has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. 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.

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

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

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2019

Significant Accounting Policies -Continued

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 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.

Basis of Accounting –

In proprietary fund, activities are recorded using the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The major sources of revenue are HUD operating subsidy, and other revenue. The Authority provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for extremely low and very low income families.

HUD Section 8 Housing Choice Voucher Assistance Program receives from HUD an Annual Budget Amount (ABA) during the year in accordance with applicable HUD program guidelines. As of January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract.

Administrative fee paid by HUD to the Authority in excess of administrative expenses are a part of the undesignated fund balance and are considered to be administrative fee reserves.

Other revenue composed primarily of miscellaneous services fees and resident's portability income charges. The revenue is recorded as earned since it is measurable and available. Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2019

Basis of Accounting – Continued

Financial transactions are recorded and organized in accordance with the purpose of the transaction. Each program is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements. Because the Authority's activity is considered self-financing and does not rely on specific taxes or fines (i.e. property taxes, sales and use tax etc.) no activity will be maintained as governmental funds but will be recorded as proprietary funds under the Enterprise Fund.

Report Presentation

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

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (iii) that the pricing policies of the activity establish fees and charges, designated to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards; both are which are included as Supplemental information.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2019

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 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 6 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of accounting Procedure issued after November 30, 1989.
- 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- 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 considered to be 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 2019.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2019

Other accounting policies – Continued

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.

13- 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.

14 - 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.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2019

Other accounting policies – Continued

14 - Net Position -continued

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."

15 - Operating and non-operating revenues and expenses

The major sources of revenue for the Authority are various subsidies from the U.S. Department of Housing and Urban Development. Other revenue composed primarily of miscellaneous services fees and resident's portability income charges.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

16- 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 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.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2019

Activities - The only programs or activities administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V-110	204

Housing Trust Fund

The Authority administers an affordable housing trust fund which is to provide housing assistance payments for families residing in the Township of Old Bridge.

Section 8 Housing Choice Vouchers Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD.

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.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2019

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 collectibility 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.

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.state.nj.us/treasury/pensions/pdf/financial/2019divisioncombined.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 7.50% of base wages.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2019

NOTE 3 - PENSION PLAN - CONTINUED

Funding Policy - continued

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 2019 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.

NOTE 4 - CASH, CASH EQUIVALENTS

The Old Bridge Township Housing Authority 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.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2019

NOTE 4 - CASH, CASH EQUIVALENTS - CONTINUED

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, 2019, 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.

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 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-19</u>
Insured	\$ 249,263
Collateralized held by pledging bank's trust department in the Authority's name	-
Total Cash and Cash Equivalents	<u>\$ 249,263</u>

Restricted Cash

The restricted cash in the amount of \$5,119 for 2019 was reported under the Housing Choice Voucher Program as a reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2019

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2019 consisted of the following:

	<u>December-19</u>
Accounts Receivable - Employee Theft	\$ 76,729
Less: Allowance for Doubtful Accounts	<u>(13,400)</u>
Net Accounts Receivable - Employee Theft	<u>63,329</u>
Fraud Recovery -Tenants	951
Less Allowance for Fraud Recovery	<u>(951)</u>
Net Fraud Recovery	<u>-</u>
Portability Receivable	<u>118</u>
Accounts Receivable - Net of Allowances	<u><u>\$ 63,447</u></u>

The Old Bridge Township Housing Authority 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.

Two former Housing Choice Voucher employees were indicted on charges of official misconduct and theft by unlawful taking of funds from the Authority. A court order is in place and payments are being received in subsequent years. Management has estimated seventeen percent (17%) to be a fair assumption for the allowance for doubtful accounts.

NOTE 6 – 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, 2019 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2019

NOTE 8 – OTHER ASSETS – MORTGAGE RECEIVABLE

On December 8, 2003, the Authority advanced \$800,000 to the Old Bridge Housing Urban Renewal Partnership, L.P. for the construction of an affordable elderly development. The loan is non-interest bearing, secured by a third mortgage on the premises and is due thirty (30) years from the first day of the month following completion of the construction of the development, which was August 1, 2005. Accordingly, the maturity date is to be August 1, 2036. Management believes that at the end of the term, they will receive payment of the loan.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
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	21	22,849
Total	<hr/> <hr/> \$ 21	<hr/> <hr/> \$ 22,849

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2019

NOTE 9 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

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-.

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-.

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 \$21 and \$22,849.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements
December 31, 2019

NOTE 10 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position as of December 31, 2019. Accounts payable vendors are amount owing to creditors or generally on open accounts, as a result of delivered goods and completed services. Accounts payable at December 31, 2019 was in the amount of \$686.

NOTE 11 – RESTRICTED NET POSITION

The Authority’s restricted net position account balance at December 31, 2019 is \$863,110. The details of the restricted reserve account balances are as follows:

	<u>HCV HAP Reserve</u>	<u>Trust Fund Reserves</u>	<u>Total</u>
Balance December 31, 2018	\$ 11,955	\$ 857,032	\$ 868,987
Increase During the Year	-	959	959
Decrease During the Year	(6,836)	-	(6,836)
Balance December 31, 2019	<u>\$ 5,119</u>	<u>\$ 857,991</u>	<u>\$ 863,110</u>

Housing Choice Voucher Program - Reserves

The restricted cash in the amount of \$5,119 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. In accordance with HUD’s PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority at December 31, 2019 was \$219,634.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2019

NOTE 12 - UNRESTRICTED NET POSITION

The Authority's unrestricted net position account balance at December 31, 2019 is \$226,086. The detail of the account balance is as follows:

	HCV ADM Reserves
Balance December 31, 2018	\$ 151,704
Increase During the Year	74,382
Balance December 31, 2019	<u>\$ 226,086</u>

NOTE 13 - 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 for which the Authority purchases commercial insurance. During the year ended December 31, 2019, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, employee bond, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of all it building for the purpose of determining potential liability issues.

NOTE 14 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The programs provide for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Section 8 Housing Choice Voucher for December 31, 2019 were in the amount of \$1,875,165.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements December 31, 2019

NOTE 15 - 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 \$1,875,165 to the Authority which represents approximately 85% percent of the Authority's total revenue for the year ended December 31, 2019.

NOTE 16 - CONTINGENCIES

Litigation – At December 31, 2019, the Authority is not involved in any litigation.

Grants Disallowances – The Authority participates in federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits performed by the federal government could lead to adjustments for disallowed claims, including amounts already collected, and reimbursement by the Authority for expenditures disallowed under the terms of the grant. The Authority's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 17 – 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 as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Notes to Financial Statements

December 31, 2019

NOTE 17 – SUBSEQUENT EVENTS - CONTINUED

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 date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru October 2, 2020; 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.

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

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

Section 8 Housing Choice Voucher Program	CFDA #'s	Grant Period		Grant Award	Fiscal Year Cash Receipts	Fiscal Year Expenditures	Cumulative Expenditures
		From	To				
NJ39P110	14.871	1/1/2019	12/31/2019	1,875,165	1,875,165	1,875,165	
Total Expenditures of Federal Awards				<u>\$ 1,875,165</u>	<u>\$ 1,875,165</u>	<u>\$ 1,875,165</u>	

**OLD BRIDGE TOWNSHIP HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Old Bridge Township Housing Authority is under programs of the federal government for the year ended December 31, 2019. 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 Old Bridge Township Housing Authority, it is not intended to and does not present the financial position, change in net position, or cash flow of the Old Bridge Township 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 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 Township of Old Bridge 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 Township of Old Bridge had had no loans outstanding at December 31, 2019.

Note 5. Non- Cash Federal Assistance:

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2019.

Note 6. Sub recipients:

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

Old Bridge Housing Authority (NJ110)

Old Bridge, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
111 Cash - Unrestricted	\$186,153	\$57,991	\$244,144	\$244,144
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$5,119		\$5,119	\$5,119
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$191,272	\$57,991	\$249,263	\$249,263
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government	\$118		\$118	\$118
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$77,680		\$77,680	\$77,680
128.1 Allowance for Doubtful Accounts - Fraud	-\$14,351		-\$14,351	-\$14,351
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$63,447	\$0	\$63,447	\$63,447
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets				
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$254,719	\$57,991	\$312,710	\$312,710
161 Land		\$1,061,385	\$1,061,385	\$1,061,385
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$31,988		\$31,988	\$31,988
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$31,988		-\$31,988	-\$31,988
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,061,385	\$1,061,385	\$1,061,385
171 Notes, Loans and Mortgages Receivable - Non-Current		\$800,000	\$800,000	\$800,000
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	\$0	\$1,861,385	\$1,861,385	\$1,861,385
200 Deferred Outflow of Resources	\$21		\$21	\$21
290 Total Assets and Deferred Outflow of Resources	\$254,740	\$1,919,376	\$2,174,116	\$2,174,116
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$686		\$686	\$686
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				

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits				
342 Unearned Revenue				
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	\$686	\$0	\$686	\$686
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				
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0
300 Total Liabilities	\$686	\$0	\$686	\$686
400 Deferred Inflow of Resources			\$22,849	\$22,849
508.4 Net Investment in Capital Assets		\$1,061,385	\$1,061,385	\$1,061,385
511.4 Restricted Net Position	\$5,119	\$857,991	\$863,110	\$863,110
512.4 Unrestricted Net Position	\$226,086	\$0	\$226,086	\$226,086
513 Total Equity - Net Assets / Position	\$231,205	\$1,919,376	\$2,150,581	\$2,150,581
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$254,740	\$1,919,376	\$2,174,116	\$2,174,116

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$1,875,165		\$1,875,165	\$1,875,165
70610 Capital Grants				
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	\$3,742	\$959	\$4,701	\$4,701
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$5,499		\$5,499	\$5,499
71500 Other Revenue	\$314,251		\$314,251	\$314,251
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$2,198,657	\$959	\$2,199,616	\$2,199,616
91100 Administrative Salaries				
91200 Auditing Fees	\$6,405		\$6,405	\$6,405
91300 Management Fee	\$120,000		\$120,000	\$120,000
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative				
91600 Office Expenses	\$2,774		\$2,774	\$2,774
91700 Legal Expense	\$15,750		\$15,750	\$15,750
91800 Travel	\$414		\$414	\$414
91810 Allocated Overhead				
91900 Other	\$13,931		\$13,931	\$13,931
91000 Total Operating - Administrative	\$159,274	\$0	\$159,274	\$159,274
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				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
94000 Total Maintenance	\$0	\$0	\$0	\$0
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	\$6,283		\$6,283	\$6,283
96100 Total insurance Premiums	\$6,283	\$0	\$6,283	\$6,283
96200 Other General Expenses	\$10,286		\$10,286	\$10,286
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$10,286	\$0	\$10,286	\$10,286
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$175,843	\$0	\$175,843	\$175,843
97000 Excess of Operating Revenue over Operating Expenses	\$2,022,814	\$959	\$2,023,773	\$2,023,773
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$1,669,312		\$1,669,312	\$1,669,312
97350 HAP Portability-In	\$285,956		\$285,956	\$285,956
97400 Depreciation Expense				
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$2,131,111	\$0	\$2,131,111	\$2,131,111
10010 Operating Transfer In				
10020 Operating transfer Out				
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) Total Expenses	\$67,546	\$959	\$68,505	\$68,505

Old Bridge Housing Authority (NJ110)
Old Bridge, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$163,659	\$1,918,417	\$2,082,076	\$2,082,076
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	\$226,086		\$226,086	\$226,086
11180 Housing Assistance Payments Equity	\$5,119		\$5,119	\$5,119
11190 Unit Months Available	2448		2448	2448
11210 Number of Unit Months Leased	2403		2403	2403
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				



Hymanson, Parnes & Giampaolo

Certified Public Accountants

*tele: 732-842-4550
fax: 732-842-4551*

*467 Middletown-Lincroft Rd.
Lincroft, NJ 07738*

**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 GOVERNMENTAL AUDITING STANDARDS**

Board of Commissioners
Old Bridge Township Housing Authority
2000 Route 18 North, Suite 100
Old Bridge, New Jersey 08857

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 Old Bridge Township Housing Authority as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Old Bridge Township Housing Authority's basic financial statements, and have issued our report thereon dated October 2, 2020.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Old Bridge Township 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 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.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: October 2, 2020



Hymanson, Parnes & Giampaolo

Certified Public Accountants

*tele: 732-842-4550
fax: 732-842-4551*

*467 Middletown-Lincroft Rd.
Lincroft, NJ 07738*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Board of Commissioners
Old Bridge Township Housing Authority
2000 Route 18 North, Suite 100
Old Bridge, New Jersey 08857

Report on Compliance for Each Major Federal Program

We have audited Old Bridge Township Housing Authority compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Old Bridge Township Housing Authority major federal programs for the year ended December 31, 2019. Old Bridge Township Housing Authority 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Old Bridge Township Housing Authority major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Old Bridge Township Housing Authority compliance with those requirements and performing such other procedures as we consider 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 Old Bridge Township Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Old Bridge Township 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 December 31, 2019.

Report on Internal Control Over Compliance

Management of Old Bridge Township 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 Old Bridge Township 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Old Bridge Township 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.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: October 2, 2020

OLD BRIDGE TOWNSHIP HOUSING AUTHORITY

Schedule of Findings and Questioned Cost

Year Ended December 31, 2019

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? _____ yes X none reported

Type of audit report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, _____ yes X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.871	Section 8 Housing Choice Voucher Program	\$ 1,875,165

Dollar threshold used to Distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as a low-risk auditee X yes _____ no

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported



Hymanson, Parnes & Giampaolo

Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Old Bridge Township Housing Authority
2000 Route 18 North, Suite 100
Old Bridge, New Jersey 08857

We have performed the procedure described in the second paragraph of this report, which was agreed to by Old Bridge Township Housing Authority and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. Old Bridge Township Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), by Old Bridge Township Housing Authority as of and for the year ended December 31, 2019, and have issued our reports thereon dated October 2, 2020. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated December 31, 2019, was expressed in relation to the basic financial statements of Old Bridge Township Housing Authority taken as a whole.

A copy of the reporting package required by OMB Uniform Guidance, which includes the auditor's reports, is available in its entirety from Old Bridge Township Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report is intended solely for the information and use of Old Bridge Township Housing Authority and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey
October 2, 2020

ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURE

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	<input checked="" type="radio"/>	<input type="radio"/>
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	<input checked="" type="radio"/>	<input type="radio"/>
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	<input checked="" type="radio"/>	<input type="radio"/>
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	<input checked="" type="radio"/>	<input type="radio"/>
5	General information (data element series G2000,G2100,G2200,G9000,G9100)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
9	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	<input checked="" type="radio"/>	<input type="radio"/>