

BRAINTREE HOUSING AUTHORITY

Braintree, Massachusetts

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

As of and For the Year Ended December 31, 2019

BRAINTREE HOUSING AUTHORITY
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To The Board of Commissioners
Braintree Housing Authority
Braintree, Massachusetts

We have performed the procedures enumerated in the attached Schedule of Agreed-Upon Procedures, which were agreed to by the Commonwealth of Massachusetts' Department of Housing and Community Development (DHCD) and the Braintree Housing Authority (the specified parties) on the general ledger accounts shown on the attached DHCD form of the Braintree Housing Authority as of and for the year ended December 31, 2019. The Braintree Housing Authority is responsible for the general ledger accounts. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are presented in the Schedule of Agreed-Upon Procedures included with this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the general ledger accounts. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Marcum LLP

Boston, Massachusetts
October 29, 2020



Housing Authority: Braintree Housing Authority

Fiscal Year End (FYE): 12/31/2019
 Date AUP Conducted: 7/9/2020
 Executive Director: Lauren Murphy
 CPA: Marcum LLP
 CPA Phone: 617-907-5350

Number of Category Exceptions: 0		Category Rating: No Findings	
A. Rent Collection - Walk-through of sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of individual rent receipts to ensure all the following steps are being executed.			
	<ol style="list-style-type: none"> Log of rent collected is complete, accurate and includes all necessary information. Post-dated checks for current amount due is not accepted payment by LHA. Trace amounts from receipt log to deposit slip for bank. Cash is deposited daily per DHCD guidelines (per Accounting Manual Sec. 8, p. 3). Except if: LHA has only one administrative employee who deposits cash at least weekly. Reconcile tenant ledger with receipt log, bank deposit and General Ledger. What is on General Ledger matches bank statement (bank reconciliation) and Operating Statement and Balance Sheet (51-1 and 51-2, respectively). 		No Exception Found
	<ol style="list-style-type: none"> Document and evaluate internal controls and segregation of duties for steps 1 to 5 above. For LHAs with only one administrative employee; if sufficient internal controls and segregation of duties are not in place, there are mitigating controls in place, such as reporting the frequency/amount of credit adjustments to the board or fee accountant. 		No Exception Found
	C. Rent Collection - Tenant Accounts Receivable (TAR) <ol style="list-style-type: none"> Aging of Tenant Accounts Receivable is matched to the General Ledger and to the Balance Sheet TAR (51-2). Draw a sample of uncollected TAR accounts (Small - 3, Med - 5, Large - 7, Very Large - 9). Rent Collection is in compliance with LHA rent collection policy (per Contract for Financial Assistance (CFA) and Management Plan IIC). Allowance for Doubtful Accounts is determined in accordance with GAAP and LHA has evaluated estimate on annual basis. Reasonable allowance based on historical data. Repayment Agreements reconcile to the Balance Sheet/Operating Statements and are in accordance with DHCD policy. 		No Exception Found
	D. Account Write-Offs - Walk-through uncollected rent that was written-off. If no write-offs can be found, please select N/A option from drop down for both steps 1 and 2. <ol style="list-style-type: none"> Obtain detail of write-offs and verify that write-offs are in accordance with DHCD policy. Documentation of Board approval to write-off account (board approval of write-off required per budget guidelines for Act #4570 - Collection Loss). 		No Exception Found
Exceptions Noted:			
Internal Control Recommendation:			
Authority's Response:			

Number of Category Exceptions: 0		B. Payroll/Fringe Benefits Category Rating: No Findings	
<p>A. Wage Reconciliation</p>	<p>1. Verify analytically (not to exact amount) that FYE-end wages gross payroll reported on the LHA's General Ledger for all programs and all employees matches actual wage amounts reported on Forms 941 and W-2 (state and federal filings).</p> <p>2. Look at DHCD-approved budget Schedule of All Salaries and Positions "Report" in HRIS and identify the highest paid salaries from all funding sources. Verify analytically (within % ANUEL increase for that year - exclude overtime in calculation for maintenance employees) that it matches the amount reported at FYE on the LHA's Top 5 Compensation Form (LHA should have a copy on file). Verify the amount reported on the Top 5 Compensation Form matches exactly the amount reported on reconciled Form 941 and the corresponding state online submission (mass.gov/hwd/unemployment-insur/employers/).</p> <p>3. LHA is in possession of DHCD-approved executive contract signed by the LHA, Executive Director and DHCD. If LHA can show that currently being processed by DHCD and was not returned to the LHA for failing to meet DHCD's requirements, LHA can produce the last DHCD-approved executive contract signed by the LHA, Executive Director and DHCD.</p>	<p>No Exception Found</p>	<p>NE</p>
<p>B. Select a Single Pay Period:</p>	<p>1. Trace timesheets/timerecords to the payroll register.</p> <p>2. Test for completeness and accuracy.</p> <p>3. Proper controls and approvals are in place, i.e. employees sign timesheets, the Executive Director signs off on employee timesheets, and the Executive Director maintains a timesheet.</p>	<p>No Exception Found</p>	<p>NE</p>
<p>C. Obtain a compensated absences liability schedule:</p>	<p>1. Test for consistency with personnel policy (personnel policy required per Contract for Financial Assistance (CFA) and Management Plan (M2) and reconcile to Balance Sheet (51-2) and General Ledger; if AUP conducted after 9/30/17, personnel policy includes (1) the limits on the amount of vacation and sick leave that will be accrued each year, and when and how such leave will be accrued; (2) a limit on the amount of accrued vacation that may be carried over from year to year, and; (3) a cap on the payout for accrued and unused sick leave at the end of employment per PHN 2017-14. Verify analytically future liabilities for employee benefits (particularly GASB 45 and GASB 68) are properly reflected on Operating Statement (51-1) and Balance Sheet (51-2). If GASB 68 actuarial reports were not received by the LHA in time for year-end financial statements, it is OK for LHA to report last year's GASB 68 numbers.</p> <p>2. Proper controls and approvals are in place, i.e. Executive Director approves employee compensated absences.</p> <p>3. Compensated absences should be tracked apart from the timesheets, and verification with timesheets should be performed.</p> <p>4. Accrued and Accumulated leave time matches. Time is accruing as it should.</p>	<p>No Exception Found</p>	<p>NE</p>
<p>Exceptions Noted:</p>			
<p>Internal Control Recommendations:</p>			
<p>Authority's Responder:</p>			

Housing Authority: Braintree Housing Authority		
C. Accounts Payable/Reimbursements		
Number of Category Exceptions: 0	Category Rating: No Findings	No Exception Found
<p>A. Select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of operating and capital expenditures (at least 1 of each type if any).</p> <p>1. Approval and Segregation of Duties 2. Accuracy 3. Supporting Documentation 4. Allowability 5. Allocation 6. Classification</p>		
<p>C. Select a sample (Small - 6, Med - 10, Large - 14, Very Large - 18) of credit card/debit card statements. If no credit/debit expenditures can be found, please select N/A option from drop down for all steps 1 to 8.</p> <p>1. Approval and Segregation of Duties 2. Accuracy 3. Supporting Documentation (CPAs: include date, description of charge and amount of transaction for each purchase missing documentation below) 4. Allowability 5. Allocation 6. Classification 7. No Sales Tax Paid 8. Card is in Housing Authority name; not Executive Director (or any other staff member) name.</p>		
<p>D. Select a sample (Small - 3, Med - 5, Large - 7, Very Large - 9) of employee reimbursements (include at least one travel reimbursement).</p> <p>1. Approval and Segregation of Duties 2. Accuracy 3. Supporting Documentation 4. Allowability 5. Allocation 6. Classification</p>		
<p>Exceptions Noted:</p>		
<p>Internal Control Recommendation:</p>		
<p>Authority's Response:</p>		

Housing Authority, Braintree Housing Authority

Number of Category Exceptions: 0	D. Inventory (Fixed Assets) Category Rating: No Findings	No Exception Found
<p>A. Obtain a copy of the depreciation schedule/fixed asset listing:</p> <p>1. Inventory listing includes both capitalized and non-capitalized items such as refrigerators, stoves, community room equipment, office equipment, etc.) of \$1,000 or more. It also includes all necessary information, including a tag with an LHA-assigned number for all assets of \$1,000 or more and all refrigerators and stoves of any value.</p> <p>2. Depreciation schedule/fixed asset listing includes all relevant assets of \$5,000 or more. It also includes all necessary information to sufficiently identify an asset.</p> <p>3. For vehicles, that includes the make/model/year and for modernization jobs the fish number.</p> <p>4. Items on depreciation schedule/fixed asset listing are being accurately depreciated.</p> <p>5. Reconcile depreciation schedule/fixed asset listing to Form 51-1 (Operating Statement) and General Ledger and evaluate for completeness and sufficiency of detail.</p> <p>6. Verify analytically that items listed still exist and are in possession of LHA.</p> <p>7. Assets are appropriately allocated between Federal and State on General Ledger, Operating Statement (51-1) and depreciated according to which funds were used for purchase.</p>		<p>No Exception Found</p> <p>NE</p>
<p>B. Capitalization Policy</p> <p>1. Verify capitalization policy is within state established limits (per Accounting Manual, Sec. 16, p. 3).</p>		<p>No Exception Found</p> <p>NE</p>
<p>C. Vehicles</p> <p>1. Confirm vehicles are listed on fixed asset listing, and trace vehicles listing to insurance policies.</p>		<p>No Exception Found</p> <p>NE</p>
<p>Exceptions Noted:</p>		
<p>Internal Control Recommendation:</p>		
<p>Authority's Response:</p>		

Housing Authority: Braintree Housing Authority		E. Procurement/Public Bidding for Goods and Services	
Number of Category Exceptions: 0		Category Rating: No Findings	
<p>For A to C below, examine the cash disbursements journal (or check register) as well as the contract register and identify purchases of goods and services during the year that should have been competitively procured. From these purchases that should have been competitively procured, select a sample (Small - 3, Mid - 5, Large - 7, Very Large - 8) of known or possible procurements totaling \$10,000 or more; if possible when selecting the sample, include at least one procurement totaling \$10,000 to \$35,000 and one procurement totaling \$35,000 or more (for goods and services for MGL c. 30B only). If any in the sample were not competitively procured, enter as an exception in A. For sampled purchases that went through procurement, follow procedures under B or C below depending on the size of the procurement.</p>			
<p>A. Competitive Procurement When Required</p> <p>1. Verify that sampled purchases for goods and services that should have been competitively procured as defined per MGL c. 30B were competitively procured.</p>		<p>No Exception Found</p> <p>NE</p>	
<p>B. Known procurements valuing (pre 11/7/16 - \$10,000 up to \$35,000 OR post 11/7/16 \$10,000 up to and including \$50,000) for goods and services for MGL c. 30B only). If no procurement can be found valuing \$10,000 up to \$35,000, please select N/A option from drop down for each step 1 - 7 below.</p> <p>1. (pre 11/7/16) Proper selection based on MGL c. 30B s.5 (FB requirements) (post 11/7/16) Proper selection based on MGL c. 30B s.5 solicitation of quotes requirements.</p> <p>2. (pre 11/7/16) Documentation of solicitation of at least three oral or written quotes (post 11/7/16) Documentation of a written purchase description with solicitation of written quotes from at least three persons.</p> <p>3. Contract is DHCD-approved template or developed by LHA (not a vendor contract).</p> <p>4. Contract was for not more than 3 years unless majority board vote allowed it to be longer.</p> <p>5. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually Executive Director.</p> <p>6. Contract did not go through automatic renewals unless renewals were part of the original procurement.</p> <p>7. LHA Procurement Policy exists (per Accounting Manual Sec. 16, p.2) and is compliant with MGL c. 30B elements mentioned in 1 to 6 above.</p>		<p>No Exception Found</p> <p>NE</p>	
<p>C. Known procurements valuing (pre 11/7/16 - \$35,000 or more OR post 11/7/16 more than \$50,000) for goods and services for MGL c. 30B only). If no procurement can be found in this value range, please select N/A option from drop down for each step 1 - 8 below.</p> <p>1. Proper selection based on MGL c. 30B s.5 (FB requirements or MGL c. 30B s.6 RFP requirements. (post 11/7/16 only: If using MGL c. 30B s.6 RFP requirements, LHA must have a Chief Procurement Officer (CPO) conduct the procurement under c.30B s.6.)</p> <p>2. (pre 11/7/16) Documentation of Newspaper advertisement two week prior to bidding process (post 11/7/16) Documentation of Newspaper advertisement, LHA's Office and COMMBUYs two weeks prior to bidding process.</p> <p>3. If contract was for over \$100K, it was advertised in the Goods & Services Bulletin.</p> <p>4. If FB, contract award went to lowest bidder. If RFP, contract went to lowest bidder or letter explaining why went with another bidder.</p> <p>5. Contract is DHCD-approved template or developed by LHA (not a vendor contract).</p> <p>6. Board vote is documented approving individual contract, or a board vote to delegate authority over certain contracts (by dollar threshold or other criteria) to an LHA staff member, usually Executive Director.</p> <p>7. Contract did not go through automatic renewals unless renewals were part of the original procurement.</p> <p>8. LHA Procurement Policy exists (Accounting Manual Sec. 16, p.2) and is compliant with MGL c. 30B elements mentioned in 1 to 7 above.</p>		<p>Not Applicable</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	
<p>D. Obtain a copy of the contract register and verify:</p> <p>1. Contract register exists and includes all information as well as goods and services contracts (per Accounting Manual, Sec. 6, p.12)/PHN 2017-14.</p> <p>2. For each contract, it includes the following information: contractor, description, active/inactive, start date, end date, extensions available, contract award amount, change orders amount, contract expenditures to date, and remaining value.</p> <p>3. Evaluate for completeness by analyzing the cash disbursements journal against the contract register.</p>		<p>No Exception Found</p> <p>NE</p> <p>NE</p> <p>NE</p>	
<p>Exceptions Noted:</p>			
<p>Internal Control Recommendation:</p>			
<p>Authority's Response:</p>			

Number of Category Exceptions: 0		F. Cash Management and Investment Practices		No Findings	
Category Rating:					
<p>A. Pull a random year and year-end bank statements:</p> <p>1. Test the monthly bank reconciliation to ensure that the following two match: General Ledger and bank statements (exclude deposits of rent collected as this was covered earlier)</p> <p>2. Checks that have been issued and marked on General Ledger but have not been cashed (not on bank statement), known as checks in transit are identified as a part of the reconciliation process.</p>					
<p>B. Bank and Investment Accounts</p> <p>1. Verify that banking and investment accounts are properly insured or collateralized (per Accounting Manual Sec. 16, p. 7)</p>					
<p>Exceptions Noted:</p>				<p>No Exception Found</p> <p>NE</p>	
<p>Internal Control Recommendation:</p>				<p>No Exception Found</p> <p>NE</p>	
<p>Authority's Response:</p>				<p>No Exception Found</p> <p>NE</p>	

Housing Authority: Braintree Housing Authority		
Number of Category Exceptions:	Operating Subsidy Category Rating:	No Findings
0		
<p>A. Obtain copy of DHCD-approved budget assumptions. If no DHCD-approved assumptions, please select N/A option from step down for step 1 below.</p> <p>1. Compare DHCD-approved budget exemptions for direct reimbursement (as found in the ANUEL & Subsidy Worksheet - Section 8) to LHA record of actual expenses to the General Ledger.</p>		
<p>B. Revenue Reconciliation</p> <p>1. Reconcile revenue to the General Ledger. Compare revenue reported in Accounts #3110, #3190, #3610 and #3690 in the Operating Statement (51-1) to the General Ledger to the amounts reported in the ANUEL & Subsidy Worksheet.</p>		
<p>C. Utility Reconciliation</p> <p>1. Reconcile utilities to the General Ledger. Compare utilities reported in Account #4300 on the Operating Statement (51-1) to the General Ledger to the amounts reported in the ANUEL & Subsidy Worksheet.</p>		
<p>Exceptions Noted:</p>		<p>No Exception Found</p>
<p>Internal Control Recommendation:</p>		<p>No Exception Found</p>
<p>Authority's Response:</p>		<p>No Exception Found</p>

Publishing Year

K. Annual Rent Calculation and Compliance		Number of Category Exceptions: 0	Category Rating: No Findings	No Exceptions Found
<p>To conduct A through D below, select a sample (Small LHA - 5, Medium LHA - 10, Large or Very Large LHA - 15) of tenant files (from programs 200, 667, 706); if the LHA has multiple property managers, at least one file should be selected per manager. Conduct A to C and E, if have MRVP, sample 10% (min=1, max=15) of leased MRVP units.</p>				
<p>A. Obtain the rent roll and HAP roll:</p> <p>1. Verify analytically the completeness of the resident population. (Rent roll and HAP roll support what is reported on Operating Statement Form 51-1).</p>				
<p>B. Timeliness of Annual Rent Calculation</p> <p>1. Verify timeliness of annual rent redetermination (occurs one year from move-in date or last annual recertification). Except if: LHA can produce DHCD waiver for Chapter 667 annual rent redetermination requirement and has done rent redetermination once within 2 years of move-in date or last annual recertification).</p>				
<p>C. Accuracy of Rent Calculation</p> <p>1. Test rent calculation for proper verification of income, expenses and deductions.</p> <p>2. Verify family composition for allowance purposes.</p> <p>3. Documentation of income, exclusions from income, and deductions.</p>				
<p>D. Timeliness of Notifications Regarding Rent Changes</p> <p>1. Verify notification of rent redetermination sent at least 60 days prior to effective date (see 760 CMR 6.04 (4)(b)).</p> <p>2. Verify Notice of Rent Change sent no less than 14 days prior to effective date (see 760 CMR 6.04 (4)(e)).</p> <p>3. Verify timeliness and proper execution of Lease Addendum (see 760 CMR 6.06 (5)(g)).</p>				
<p>E. MRVP Documentation (training with AUP's conducted after 7/1/17)</p> <p>1. MRVP file has Certificate of Fitness (COF).</p> <p>2. MRVP file has Letter of Compliance for Lead Paint if child <6 years old and building built prior to 1978 with no new construction permit.</p> <p>3. MRVP file has Proof of Ownership which is either 1. Deed/Online Printout from registry of Deeds or 2. Proof of insurance or 3. Tax Documents.</p> <p>4. MRVP file has W9.</p>				
<p>Exceptions Noted:</p>				<p>No Exceptions Found</p>
<p>Internal Control Recommendation:</p>				<p>No Exceptions Found</p>
<p>Authority's Response:</p>				<p>No Exceptions Found</p>

BRAINTREE HOUSING AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

BRAINTREE HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Braintree Housing Authority
Braintree, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the Braintree Housing Authority, as of December 31, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Braintree Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Braintree Housing Authority, as of December 31, 2019, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information presented on pages 35 through 38, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Braintree Housing Authority's basic financial statements. The supplementary information on pages 39 through 43, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information presented on pages 39 through 43 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information presented on pages 39 through 43 and the Schedule of Expenditures of Federal Awards 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 issued our report dated October 29, 2020 on our consideration of the Braintree Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Braintree Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Braintree Housing Authority's internal control over financial reporting and compliance.

Marcum LLP

Boston, Massachusetts
October 29, 2020

BRAINTREE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

The Braintree Housing Authority (the Authority) is pleased to present its basic financial statements as of and for the year ended December 31, 2019, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended December 31, 2019, with comparative data for the year ended December 31, 2018. Please read this section in conjunction with the Authority's basic financial statements, which immediately follow this section.

HIGHLIGHTS

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2019 by \$2,885,927 (net position), representing a decrease of \$255,800 from the prior year.
- Total revenues increased by \$220,217 from the prior year, while total expenses increased by \$583,954.
- The Authority's current ratio that measures liquidity increased during the year from 7.5 to 8.7.

BRAINTREE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2019

OVERVIEW OF THE AUTHORITY'S OPERATIONS

The Authority was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. These services are provided through the administration of the following programs:

Federal Programs

Section 8 Housing Choice Voucher Program
Family Self Sufficiency Program

State/Local and Other Programs

State Consolidated Housing
State Chapter 689 Housing
Massachusetts Rental Voucher Program
State Modernization Program

For additional information on the Authority's programs, see the notes to financial statements.

BRAINTREE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2019

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at December 31, 2019 compared to December 31, 2018. The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end of year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources).

SUMMARY OF NET POSITION
December 31, 2019 and 2018

	2019	2018	Change	% Change
Current Assets	\$ 1,806,484	\$ 1,725,910	\$ 80,574	4.67%
Capital Assets	3,990,943	4,132,976	(142,033)	-3.44%
Other Noncurrent Assets	147,382	134,680	12,702	9.43%
Total Assets	5,944,809	5,993,566	(48,757)	-0.81%
Deferred Outflows of Resources	632,349	497,322	135,027	27.15%
Current Liabilities	208,109	231,229	(23,120)	-10.00%
Noncurrent Liabilities	3,437,196	2,988,963	448,233	15.00%
Total Liabilities	3,645,305	3,220,192	425,113	13.20%
Deferred Inflows of Resources	45,926	128,969	(83,043)	-64.39%
Investment in capital assets	3,990,943	4,132,976	(142,033)	-3.44%
Unrestricted (Deficit)	(1,105,016)	(991,249)	(113,767)	11.48%
Total Net Position	\$ 2,885,927	\$ 3,141,727	\$ (255,800)	-8.14%

Total assets of the Authority at December 31, 2019 and 2018 were \$5,944,809 and \$5,993,566, respectively, a change of -0.81%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital assets and restricted cash. Capital assets include land, buildings and building improvements, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

BRAINTREE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2019

Total liabilities of the Authority at December 31, 2019 and 2018 were \$3,645,305 and \$3,220,192, respectively, a change of 13.20%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of pension/OPEB liabilities.

Deferred inflows and outflows of resources relate to the Authority pension and OPEB liabilities. In 2019, the Authority's pension and OPEB related deferred outflows increased by \$135,027 and deferred inflows decreased by \$83,043. These changes are the result of fluctuations in the actuarial valuations of the liabilities and the change in the value of pension assets.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment, net of related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position decreased by \$113,767, or -11.48%, for the fiscal year.

BRAINTREE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2019

Condensed Summary of Revenues, Expenses and Changes in Net Position Information

Presented below is the condensed summary of revenues, expenses and changes in net position information for fiscal year ended December 31, 2019 compared to the year ended December 31, 2018. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2019 and 2018

	2019	2018	Change	% Change
Revenue				
Operating Revenues	\$ 8,812,017	\$ 8,184,540	\$ 627,477	7.67%
Non-operating Revenues	114,772	522,032	(407,260)	-78.01%
Total Revenues	8,926,789	8,706,572	220,217	2.53%
Expenses				
Housing assistance payments	7,217,446	6,676,087	541,359	8.11%
Administration	847,751	721,542	126,209	17.49%
Repair and maintenance	462,940	457,351	5,589	1.22%
Depreciation expense	233,168	304,071	(70,903)	-23.32%
Utilities	305,842	323,319	(17,477)	-5.41%
Tenant services	55,377	55,377	--	0.00%
Insurance expense	51,080	40,862	10,218	25.01%
Other general expenses	8,985	20,026	(11,041)	-55.13%
Total Expenses	9,182,589	8,598,635	583,954	6.79%
Change in Net Position	(255,800)	107,937	(363,737)	-336.99%
Net Position - Beginning of Year	3,141,727	3,865,110	(723,383)	-18.72%
Prior Period Adjustments	--	(831,320)	831,320	-100.00%
Net Position - End of Year	\$ 2,885,927	\$ 3,141,727	\$ (255,800)	-8.14%

Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide supportive services to the tenants of the Authority. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital grants represent revenues earned for public housing capital repairs.

BRAINTREE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2019

Significant changes in revenues and expenses from the fiscal year ended December 31, 2018 to December 31, 2019 include the following:

- Operating revenues increased by \$627,477, or 7.67%, due to increases in operating subsidy.
- Nonoperating revenues decreased by \$407,260, or 78.01%, due to a decrease in capital grants.
- Administrative expenses increased by \$126,209 or 17.49% due to an increase in employee benefit contributions as a result of pension and other post-employment benefits.
- Housing assistance payments increased by \$541,349 or 8.11% due to an increase in unit months leased.
- Capital outlays for the year were \$91,135.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2019, capital assets, net of accumulated depreciation was \$3,990,943 which includes land, buildings and building improvements, construction in progress, and equipment. The schedule below reflects the changes in capital assets, net of depreciation, from December 31, 2018 to December 31, 2019:

CAPITAL ASSET ANALYSIS				
December 31, 2019 and 2018				
	2019	2018	Change	% Change
Land	\$ 1,422,636	\$ 1,422,636	\$ --	0.00%
Buildings	9,212,254	9,174,964	37,290	0.41%
Furniture and equipment	199,514	199,514	--	0.00%
Construction in progress	565,761	511,916	53,845	10.52%
Total capital assets	11,400,165	11,309,030	91,135	0.81%
Accumulated depreciation	(7,409,222)	(7,176,054)	(233,168)	3.25%
Capital assets, net of accumulated depreciation	\$ 3,990,943	\$ 4,132,976	\$ (142,033)	-3.44%

The majority of the additions were attributable to construction in progress. Additional information on the Authority's capital assets can be found in the notes to financial statements.

BRAINTREE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2019

Long-Term Debt

At December 31, 2019, the Authority held no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Significant economic factors affecting the Authority's budget in the next year are as follows:

- The Authority is primarily dependent upon HUD and DHCD for the funding of its federal and state programs, respectively; therefore, the Authority is affected more by the federal and state budget than by local economic conditions.
- The budget was prepared with the knowledge that admin fee revenue of the Housing Choice Voucher Program will be 80%, which is consistent with the prior year. In addition to the admin fee proration, the Authority budgeted HAP expenses at 100% of its CY 2019 HAP funding.
- The Massachusetts State Housing Programs' operating expenses, other than utility costs, are being funded by the State at a 10.0% increase from the prior year level.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments
- The impact of Covid-19 on available funding and program requirements

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Lauren Murphy, Executive Director, Braintree Housing Authority, 25 Roosevelt Street, Braintree, MA 02184.

BRAINTREE HOUSING AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2019

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,668,842
Restricted cash	3,083
Accounts receivable, net	104,140
Prepaid expenses and other current assets	30,419
Total Current Assets	<u>1,806,484</u>
Noncurrent Assets	
Restricted cash	147,382
Capital assets, non-depreciable	1,988,397
Capital assets, net of accumulated depreciation	2,002,546
Total Noncurrent Assets	<u>4,138,325</u>
TOTAL ASSETS	<u>5,944,809</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>632,349</u>
LIABILITIES	
Current Liabilities	
Accounts payable	37,703
Accounts payable, other government	61,256
Accrued wages and current portion of compensated absences	15,349
Unearned revenue	90,718
Tenant security deposits	3,083
Total Current Liabilities	<u>208,109</u>
Noncurrent Liabilities	
Other noncurrent liabilities	147,382
Net pension liability	1,669,925
OPEB liability	1,619,889
Total Noncurrent Liabilities	<u>3,437,196</u>
TOTAL LIABILITIES	<u>3,645,305</u>
DEFERRED INFLOWS OF RESOURCES	<u>45,926</u>
NET POSITION	
Investment in capital assets	3,990,943
Unrestricted (deficit)	<u>(1,105,016)</u>
TOTAL NET POSITION	<u>\$ 2,885,927</u>

The accompanying notes are an integral part of these financial statements.

BRAINTREE HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES	
HUD grants	\$ 6,958,760
Other government grants	916,681
Tenant rental income	904,112
Other revenue	<u>32,464</u>
Total Operating Revenues	<u>8,812,017</u>
OPERATING EXPENSES	
Housing assistance payments	7,217,446
Administration	847,751
Repair and maintenance	462,940
Utilities	305,842
Depreciation expense	233,168
Tenant services	55,377
Insurance expense	51,080
Other general expenses	<u>8,985</u>
Total Operating Expenses	<u>9,182,589</u>
Operating Loss	<u>(370,572)</u>
NONOPERATING REVENUES	
Interest and investment revenue	<u>23,637</u>
Total Nonoperating Revenues	<u>23,637</u>
Loss before Capital Grants	(346,935)
CAPITAL GRANTS	
Government capital grants	<u>91,135</u>
Total Capital Grants	<u>91,135</u>
Change in Net Position	(255,800)
Net Position, Beginning of Year	<u>3,141,727</u>
Net Position, End of Year	<u>\$ 2,885,927</u>

The accompanying notes are an integral part of these financial statements.

BRAINTREE HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$	6,921,733
Other government grants		938,248
Receipts from tenants		907,456
Other operating receipts		24,240
Payments to employees		(946,049)
Payments to suppliers		(598,463)
Payments to landlords		<u>(7,217,446)</u>
Net cash provided by operating activities		<u>29,719</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Other government capital grants		84,925
Acquisitions of capital assets		<u>(91,135)</u>
Net cash used in capital and related financing activities		<u>(6,210)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received		<u>23,637</u>
Net cash provided by investing activities		<u>23,637</u>

Net increase in cash, restricted cash and cash equivalents 47,146

Cash, restricted cash and cash equivalents, beginning of year 1,772,161

Cash, restricted cash and cash equivalents, end of year \$ 1,819,307

The accompanying notes are an integral part of these financial statements.

BRAINTREE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Reconciliation of operating loss to net cash provided by operating activities:	
Operating Loss	\$ (370,572)
Adjustments:	
Depreciation	233,168
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	549
(Increase) decrease in accounts receivable, HUD	(37,027)
(Increase) decrease in prepaid expenses and other current assets	(3,442)
(Decrease) increase in accounts payable	(43,868)
(Decrease) increase in accounts payable, other government	14,330
(Decrease) increase in compensated absences and accrued wages	3,966
(Decrease) increase in net pension, OPEB liabilities and deferred inflow/outflows of resources	217,461
(Decrease) increase in accrued expenses and other current liabilities	12,702
(Decrease) increase in tenant security deposits	(280)
(Decrease) increase in unearned operating revenue	2,732
Net cash provided by operating activities	<u>\$ 29,719</u>
 Cash, restricted cash and cash equivalents per Statement of Net Position:	
Cash and cash equivalents	\$ 1,668,842
Restricted cash - current	3,083
Restricted cash - noncurrent	<u>147,382</u>
Total cash, restricted cash and cash equivalents per Statement of Net Position	<u>\$ 1,819,307</u>

The accompanying notes are an integral part of these financial statements.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1 – ORGANIZATION

The Braintree Housing Authority (the Authority) was incorporated under the laws of the Commonwealth of Massachusetts. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate-income families and elderly individuals.

The Authority maintains its accounting records by program and operates the following programs:

Federal Programs

Section 8 Housing Choice Voucher and the Family Self Sufficiency Program (FSS) – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard.

FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards home-ownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; child care, transportation, education and training, and home-ownership counseling.

State/Local and Other Programs

State Consolidated Housing – Under these programs, the Authority owns, operates and maintains rental housing acquired with grants from Massachusetts Department of Housing & Community Development (DHCD). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by DHCD via operating grants.

State Chapter 689 Housing – Under this program, the Authority owns operates and maintains rental housing acquired with grants from DHCD. The building is generally rented to a non-profit corporation who provides health and human resource needs to mentally disabled individuals.

Massachusetts Rental Voucher Program (MRVP) – DHCD provides grants to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority subsidizes the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a contract amount.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1 – ORGANIZATION (CONTINUED)

State Modernization Program – DHCD provides grant funds to authorities with State Consolidated units based on the Authority’s application and determination of need. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the State Consolidated Housing Program.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The Authority’s financial statements include the accounts of all of the Authority’s operations. The criteria for including organizations as component units within the Authority’s reporting entity, as set forth in Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization’s board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, the Authority has no component units.

BASIS OF PRESENTATION AND ACCOUNTING

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

The Authority’s financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB). The Authority follows GASB as applied to governmental entities.

The Authority’s primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenses occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenses are recorded as a liability until earned.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards Adopted

During 2019, the Authority adopted the following accounting standards that did not impact the Authority's financial statements.

GASB	
Statement	
Number	Name
83	Certain Asset Retirement Obligations
88	Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Authority considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased. Also included in cash equivalents are non-negotiable certificates of deposits, recorded at cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

ACCOUNTS RECEIVABLE

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of acquisition. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	15 years
Furniture, Equipment and Machinery	3-5 years

IMPAIRMENT OF CAPITAL ASSETS

Governmental Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures regarding impairments of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2019.

COMPENSATED ABSENCES

The Authority's policy allows employees to accumulate unlimited amounts of sick time. Sick leave may only be used in the event of illness. Accumulated sick leave is never vested and therefore is never reimbursed to the employee upon separation of service. Vacation leave accrues from 1 week to 4 weeks based on years of service. Vacation amounts earned may be accumulated, not to exceed five working days in addition to the amount of earned annual leave in each year. Any accumulated vacation leave earned shall be paid out to employees upon separation from the Authority. Total accrued compensated absences at December 31, 2019 aggregated \$8,333.

OPERATING REVENUES AND EXPENSES

Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NON-OPERATING REVENUES AND EXPENSE

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

ECONOMIC DEPENDENCY

The Authority's state and federal programs are economically dependent on grants and annual contributions from DHCD and HUD, respectively. These programs operate at a loss prior to receiving these grants and contributions.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement system and additions/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the retirement system.

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation conducted by the Authority and are accounted for in accordance with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources are the consumption of net position by the Authority that is applicable to a future reporting period. Deferred inflows of resources are the acquisition of net position by the Authority that is applicable to a future reporting period. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are either related to pension (See Note 10) or related to OPEB (See Note 11). The following is a summary of deferred outflows and inflows of resources at December 31, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 451,838	\$ 45,926
Related to OPEB	180,511	--
Total	<u>\$ 632,349</u>	<u>\$ 45,926</u>

APPLICATION OF RESOURCES

The Authority would first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 29, 2020, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Authority has been able to continue most of its operations in a remote environment, however, at this point, the extent to which COVID-19 may impact the Authority's financial condition or results of operations is uncertain.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 3 – NET POSITION

Net position is reported in three categories:

Investment in Capital Assets consists of all capital assets, reduced by accumulated depreciation, the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no debt related to its capital assets at December 31, 2019. At December 31, 2019, the investment in capital assets was \$3,990,943.

Restricted Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. At December 31, 2019, the Authority had no such restrictions.

Unrestricted Net Position is designed to represent the net available assets, for the entire Authority. At December 31, 2019, the unrestricted net position was (\$1,105,016).

NOTE 4 – CASH AND CASH EQUIVALENTS

The Authority has adopted HUD's Investment Regulation PIH 1996-33 as its investment policy. HUD regulations require that all HUD deposits in financial institutions and investments be fully insured or collateralized, by U.S. Government obligations that have a fair value of not less than the principal amount of the deposits. The policy also requires that investments not have a maturity period longer than three years.

Custodial Credit Risk – Cash Deposits

At times, the Authority's balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. In addition, balances are fully collateralized through agreements with the financial institutions. Management believes that no significant risk exists with respect to cash balances as of December 31, 2019.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 5 – RESTRICTED CASH

The Authority's restricted cash balance consists of funds restricted for escrows of participants in the FSS Program as well as funds designated for tenant security deposits. These amounts support a corresponding liability. At December 31, 2019, restricted cash was categorized as follows:

<u>Category of Restriction</u>	<u>Amount</u>
FSS escrow	\$ 147,382
Tenant security deposits	<u>3,083</u>
Total	<u>\$ 150,465</u>

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at December 31, 2019.

<u>Category of Receivable</u>	<u>Amount</u>
HUD	\$ 88,246
Other Government	6,210
Tenants	<u>24,916</u>
Gross Receivables	119,372
Allowance - Tenants	<u>(15,232)</u>
Net Receivables	<u>\$ 104,140</u>

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets and related accumulated depreciation.

	January 01, 2019	Increases	Decreases	December 31, 2019
Capital assets not being depreciated				
Land	\$ 1,422,636	\$ --	\$ --	\$ 1,422,636
Construction in Progress	511,916	91,135	(37,290)	565,761
Total capital assets not being depreciated	<u>1,934,552</u>	<u>91,135</u>	<u>(37,290)</u>	<u>1,988,397</u>
Other Capital Assets				
Buildings	9,174,964	37,290	--	9,212,254
Furniture, equipment & machinery	199,514	--	--	199,514
Total other capital assets	<u>9,374,478</u>	<u>37,290</u>	<u>--</u>	<u>9,411,768</u>
Less accumulated depreciation				
Buildings	7,019,168	230,704	--	7,249,872
Furniture, equipment & machinery	156,886	2,464	--	159,350
Total accumulated depreciation	<u>7,176,054</u>	<u>233,168</u>	<u>--</u>	<u>7,409,222</u>
Capital Assets Net	<u>\$ 4,132,976</u>	<u>\$ (104,743)</u>	<u>\$ (37,290)</u>	<u>\$ 3,990,943</u>
Depreciation expense was charged to:				
State/Local Programs		<u>\$ 233,168</u>		

NOTE 8 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended December 31, 2019 is as follows:

	January 01, 2019	Additions	Reductions	December 31, 2019	Amount due within one year
FSS Escrow	\$ 134,680	\$ 49,782	\$ (37,080)	\$ 147,382	\$ --
Net Pension Liability	1,320,966	348,959	--	1,669,925	--
OPEB Liability	<u>1,533,317</u>	<u>86,572</u>	<u>--</u>	<u>1,619,889</u>	<u>--</u>
Total	<u>\$ 2,988,963</u>	<u>\$ 485,313</u>	<u>\$ (37,080)</u>	<u>\$ 3,437,196</u>	<u>\$ --</u>

NOTE 9 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. State funded scattered site units make payments in lieu of real estate taxes equal to ½ of the Municipality's tax rate plus \$100 multiplied by the number of available bedrooms. State funded family properties make payments in lieu of real estate taxes equal to \$3 per unit per month. The payment in lieu of taxes for the year ended December 31, 2019 aggregated \$3,148.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 10 – COST-SHARING DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The Authority provides pension benefits to certain employees through the Braintree Contributory Retirement System (BCRS), a cost-sharing, multiple-employer public employee retirement system regulated by Public Employee Retirement Administration Commission (PERAC). The plan is a defined benefit plan. Participation is mandatory for all full time employees of the Authority. The retirement plan is a pooled risk type of plan. Under this type of plan, funding is determined based on all employees covered for all employing units. The funding liabilities are shared by each employing unit pro-rata based on the number of employees in the employing unit. Since the Authority's share of the net pension liability is not based on their employees, pension expense is determined by the total required payment to be made to the retirement plan for the year. The BCRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to BCRS, 71 Cleveland Avenue, Braintree, MA 02184 or by calling (781) 794-8211.

PLAN MEMBERSHIP

At December 31, 2019, there are 8 active employees enrolled in the plan.

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS

State law establishes benefit provisions and contribution requirements of the BCRS. Employees who have at least 10 years of longevity and have attained 55 years of age are eligible to receive retirement benefits. Retired employees receive an allowance based upon the average of their three highest consecutive salary years of service multiplied by (1) the number of years and full months of creditable service at the time of retirement and (2) a percentage based on age at retirement in accordance with a schedule provided by state law. Assuming normal retirement at age 65, this percentage is 2.5%, which is reduced for individuals who retire prior to age 65 to reflect the longer payout period. Employees may elect early retirement after 20 years of service or at any time after attaining age 55 with 10 years of eligible service. Plan members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. The amount of benefits to be received depends on several factors, including the member's age, compensation, veteran status, years of creditable service, and whether or not the disability is work-related. In addition, certain death benefits exist for beneficiaries of employees who die in active service.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 10 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

FUNDING POLICY

Depending on their employment date, active Plan members must contribute either 5%, 7%, 8%, or 9% of their gross regular compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. These deductions earn interest at a rate determined by PERAC that vests based upon years of service. Member employers are required to contribute the remaining amounts necessary to finance benefits, except for certain cost-of-living adjustments (COLAs) granted before July 1, 1998, which are reimbursed by the Commonwealth. The current and two preceding years' apportionment of the annual pension cost between the employers required the Authority to contribute approximately 1.34% of the total. The Authority's required and actual contributions to BCRS for the year ended December 31, 2019 were \$143,464. Employee contributions for the same period were \$57,537.

PENSION LIABILITIES

At December 31, 2019, the Authority reported a liability of \$1,669,925 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

For the year ended December 31, 2019, the Authority recognized pension expense of \$260,830. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,990	\$ 29,389
Changes of assumptions	97,139	--
Net difference between projected and actual earnings on pension plan investments	201,364	--
Changes in proportion and differences between contributions and proportionate share of contributions	7,034	16,537
Contributions subsequent to the measurement date	139,311	--
Total	<u>\$ 451,838</u>	<u>\$ 45,926</u>

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 10 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (CONTINUED)

These amounts will be recognized as expense, or as a reduction of expense, as follows:

<u>Measurement Period Ending December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$ 239,355
2020	54,334
2021	40,727
2022	71,225
2023	<u>271</u>
Total	<u>\$ 405,912</u>

ACTUARIAL METHODS & ASSUMPTIONS

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	7.65%
Discount rate	7.65%
Inflation	3.00%
Salary increases	Group 1 and 2: 6.00% to 4.25% based on service Group 4: 7.00% to 4.75% based on service
Cost of living adjustments	3.00% of the first \$12,000 of annual retirement allowance
Mortality rates	Based on the RP-2000 Combined Mortality Tables (base year 2009), with full generational mortality improvement using Scale BB. For disabled members, RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 10 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL METHODS & ASSUMPTIONS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Domestic equity	32.00%	5.94%
International equity	17.00%	6.88%
Domestic fixed income	18.00%	3.86%
Hedge funds	5.00%	6.21%
Private equity	8.00%	10.11%
Real estate	10.00%	4.80%
Alternative investments	7.00%	8.41%
Other	3.00%	6.25%

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.65%	Current Discount 7.65%	1% Increase 8.65%
Net pension liability	<u>\$ 2,121,714</u>	<u>\$ 1,669,925</u>	<u>\$ 1,283,975</u>

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 10 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued BCRS financial report.

PAYABLES TO THE PENSION PLAN

As of December 31, 2019, the Authority had no outstanding payables to BCRS.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

PLAN DESCRIPTION AND BENEFITS PROVIDED

The Authority's defined benefit OPEB plan provides OPEB for all permanent full-time employees of the Authority. The OPEB plan is a single employer defined benefit OPEB plan administered by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

The Authority provides comprehensive medical insurance, both with and without Medicare coordination, and life insurance to its employees who meet certain eligibility requirements. Employees are eligible for postretirement benefits if he/she has reached the age of 55 as an active employee and completed 10 years of service.

All active employees who retire from the Authority and meet the eligibility criteria will receive these benefits. The duration of these benefits is for the employee's lifetime. Under this cost sharing plan, these benefits cover 20% of premiums for Medical for those who retire on or after 10/1/2009 (15% for those who retired after 7/1/1994 but before 10/1/2009, and 10% for all others) for both individuals and family members (percentages represent the employees' portion).

The face value of each life insurance policy is \$5,000. Life insurance benefits do not apply to family members, this benefit covers 20% of premiums for Medical for those who retire on or after 10/1/2009 (15% for those who retired after 7/1/1994 but before 10/1/2009, and 10% for all others) for individuals.

PLAN MEMBERSHIP

At December 31, 2019, there are 8 active employees and 11 retired employees enrolled in the plan.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

TOTAL OPEB LIABILITY

The Authority's total OPEB liability of \$1,619,889 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2017.

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date: Actuarially Determined Contribution was calculated as of December 31, 2017.

Actuarial Cost Method: Individual Entry Age Normal

Investment Rate of Return: 6.50%, net of OPEB plan investment, including inflation

Municipal Bond Rate: 3.16% as of December 31, 2017 (Source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)

Discount Rate: 3.25%, net of OPEB plan investment expense, including inflation.

Inflation: 2.75 % as of December 31, 2017 and for future periods

Salary Increase: 3.00% annually as of December 31, 2017 and for future periods

Cost of Living Adjustment: Not Applicable

Pre-Retirement Mortality: RP 2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.

Post-Retirement Mortality: RP 2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.

Disabled Mortality: RP 2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Mortality Experience Study: The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

Healthcare Trend: It is assumed that healthcare costs will increase at a rate of 5.0% per annum.

Withdrawal Rates: Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service and age, from 27.0% at age 20 and 0-4 years of service to 3.50% at age 60 and 10+ years of service.

Retirement Rates: Plan participants are expected to retire at an increasing rate based on age and gender. Males are expected to retire at a rate of 1% for those aged 50 years, to 100% for those aged 70 years. Females are expected to retire at a rate of 1.5% for those aged 50 years, to 100% for those aged 70 years.

CHANGES IN THE TOTAL OPEB LIABILITY

Balance at beginning of year	\$ 1,533,317
Changes for the year:	
Service cost	49,280
Interest	50,678
Difference between expected and actual experience	33,425
Benefit payments	<u>(46,811)</u>
Net changes	<u>86,572</u>
Balance at end of year	<u>\$ 1,619,889</u>

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the Plan's total OPEB liability, calculated using the discount rate of 3.25% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.25%) or 1 percentage-point higher (4.25%) than the current rate.

	1% Decrease 2.25%	Current Discount 3.25%	1% Increase 4.25%
Total OPEB liability	<u>\$ 1,879,071</u>	<u>\$ 1,619,889</u>	<u>\$ 1,409,303</u>

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)**

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

The following table presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	1% Decrease 4.00%	Current Trend 5.00%	1% Increase 6.00%
Total OPEB liability	<u>\$ 1,344,508</u>	<u>\$ 1,619,889</u>	<u>\$ 1,976,265</u>

OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2019, the Authority recognized OPEB expenses of \$133,383. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At December 31, 2019, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 133,700
Contributions subsequent to the measurement date	<u>46,811</u>
Total	<u>\$ 180,511</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending December 31,	Deferred Outflows of Resources
2020	\$ 80,236
2021	33,425
2022	33,425
2023	<u>33,425</u>
Total	<u>\$ 180,511</u>

BRAINTREE HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 12 – OTHER RETIREMENT PLANS

The Authority provides to employees a separate deferred compensation plan in accordance with IRC §457. The plan is open to all employees. Employee contributions for 2019 were \$14,124. There were no employer contributions.

NOTE 13 – RISK MANAGEMENT

Litigation

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

Grants

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

BRAINTREE HOUSING AUTHORITY

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST TWO FISCAL YEARS

	2019	2018
Total OPEB Liability		
Service cost	\$ 49,280	\$ 47,176
Interest	50,678	43,587
Difference between expected and actual experience	33,425	167,125
Benefit payments	<u>(46,811)</u>	<u>(36,826)</u>
Net Change in Total Pension Liability	86,572	221,062
Total OPEB Liability - Beginning	<u>1,533,317</u>	<u>1,312,255</u>
Total OPEB Liability - Ending	<u>\$ 1,619,889</u>	<u>\$ 1,533,317</u>
Covered Payroll	\$ 619,175	\$ 601,141
Net OPEB Liability as a Percentage of Covered Payroll	261.62%	255.07%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

BRAINTREE HOUSING AUTHORITY

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM**

	LAST FIVE FISCAL YEARS				
Measurement Period Ending December 31,	2018	2017	2016	2015	2014
Proportion of the net pension liability	1.340%	1.330%	1.340%	1.350%	1.260%
Proportionate share of the net pension liability	\$ 1,669,925	\$ 1,320,966	\$ 1,441,306	\$ 1,437,038	\$ 994,296
Covered payroll	\$ 640,687	\$ 626,689	\$ 520,799	\$ 610,390	\$ 485,153
Proportionate share of the net pension liability as a percentage of covered payroll	260.6%	210.8%	276.7%	235.4%	204.9%
Plan fiduciary net position as a percentage of the total pension liability	N/A	67.280%	62.420%	61.110%	68.690%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

BRAINTREE HOUSING AUTHORITY

**SCHEDULE OF PENSION CONTRIBUTIONS
BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM**

LAST FIVE FISCAL YEARS

Measurement Period Ending December 31,	2018	2017	2016	2015	2014
Contractually required contribution	\$ 143,464	\$ 131,929	\$ 123,203	\$ 118,506	\$ 119,992
Contributions in relation to the contractually required contribution	<u>143,464</u>	<u>131,929</u>	<u>123,203</u>	<u>118,506</u>	<u>119,992</u>
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --
Covered payroll	\$ 640,687	\$ 626,689	\$ 520,799	\$ 610,390	\$ 485,153
Contributions as a percentage of covered payroll	22.39%	21.05%	23.66%	19.41%	24.73%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

BRAINTREE HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019

NOTE 1 – OTHER POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios details the Plan's other postemployment benefit liability and the covered employee payroll. It demonstrates the Plan's total liability and the Plan's liability as a percentage of covered payroll.

10-YEAR TREND INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN ASSUMPTIONS

There were no changes in assumptions from the prior measurement report.

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement report.

NOTE 2 – PENSION PLAN SCHEDULES

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of the Proportionate Share of the Net Pension Liability presents multi-year trend information on the Authority's share of the Net Pension Liability and related ratios.

The Schedule of Contributions presents multiyear trend information for the Authority's required and actual contributions relating to the pension plan.

10-YEAR TREND INFORMATION

The Schedules of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions are intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement report.

CHANGES IN ASSUMPTIONS

There were no changes in assumptions from the prior measurement report.

BRAINTREE HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2019

FDS Line Item	Description	Housing Choice Vouchers	PIH Family Self Sufficiency Program	State/Local	Eliminations	Total
111	Cash - Unrestricted	739,671	-	929,171	-	1,668,842
113	Cash - Other Restricted	147,382	-	-	-	147,382
114	Cash - Tenant Security Deposits	-	-	3,083	-	3,083
100	Total Cash	887,053	-	932,254	-	1,819,307
122	Accounts Receivable - HUD Other Projects	79,074	9,172	-	-	88,246
124	Accounts Receivable - Other Government	-	-	6,210	-	6,210
126	Accounts Receivable - Tenants	-	-	967	-	967
126.1	Allowances for Doubtful Accounts - Tenants	-	-	(55)	-	(55)
128	Fraud Recovery	17,544	-	6,405	-	23,949
128.1	Allowances for Doubtful Accounts - Fraud	(8,772)	-	(6,405)	-	(15,177)
120	Total Receivables, Net of Allowances for Doubtful Accounts	87,846	9,172	7,122	-	104,140
142	Prepaid Expenses and Other Assets	4,863	-	25,556	-	30,419
144	Inter Program Due From	9,172	-	-	(9,172)	-
150	Total Current Assets	988,934	9,172	964,932	(9,172)	1,953,866
161	Land	-	-	1,422,636	-	1,422,636
162	Buildings	-	-	9,212,254	-	9,212,254
163	Furniture, Equipment & Machinery - Dwellings	-	-	7,750	-	7,750
164	Furniture, Equipment & Machinery - Administration	25,951	-	165,813	-	191,764
166	Accumulated Depreciation	(25,951)	-	(7,383,271)	-	(7,409,222)
167	Construction in Progress	-	-	565,761	-	565,761
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	3,990,943	-	3,990,943
180	Total Non-Current Assets	-	-	3,990,943	-	3,990,943
200	Deferred Outflow of Resources	280,033	-	352,316	-	632,349
290	Total Assets and Deferred Outflow of Resources	1,268,967	9,172	5,308,191	(9,172)	6,577,158
312	Accounts Payable <= 90 Days	101	-	37,602	-	37,703
321	Accrued Wage/Payroll Taxes Payable	1,740	-	5,276	-	7,016
322	Accrued Compensated Absences - Current Portion	3,434	-	4,899	-	8,333
333	Accounts Payable - Other Government	-	-	61,256	-	61,256
341	Tenant Security Deposits	-	-	3,083	-	3,083
342	Unearned Revenue	-	-	90,718	-	90,718

See Independent Auditors' Report

BRAINTREE HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

DECEMBER 31, 2019

FDS Line Item	Description	Housing Choice Vouchers	PIH Family Self Sufficiency Program	State/Local	Eliminations	Total
347	Inter Program - Due To	-	9,172	-	(9,172)	-
310	Total Current Liabilities	5,275	9,172	202,834	(9,172)	208,109
353	Non-current Liabilities - Other	147,382	-	-	-	147,382
357	Accrued Pension and OPEB Liabilities	1,483,972	-	1,805,842	-	3,289,814
350	Total Non-Current Liabilities	1,631,354	-	1,805,842	-	3,437,196
300	Total Liabilities	1,636,629	9,172	2,008,676	(9,172)	3,645,305
400	Deferred Inflow of Resources	23,814	-	22,112	-	45,926
508.4	Net Investment in Capital Assets	-	-	3,990,943	-	3,990,943
512.4	Unrestricted Net Position	(391,476)	-	(713,540)	-	(1,105,016)
513	Total Equity - Net Assets / Position	(391,476)	-	3,277,403	-	2,885,927
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	1,268,967	9,172	5,308,191	(9,172)	6,577,158
70300	Net Tenant Rental Revenue	-	-	904,112	-	904,112
70500	Total Tenant Revenue	-	-	904,112	-	904,112
70600	HUD PHA Operating Grants	6,903,383	55,377	-	-	6,958,760
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	1,007,816	-	1,007,816
71100	Investment Income - Unrestricted	7,458	-	16,179	-	23,637
71400	Fraud Recovery	8,224	-	-	-	8,224
71500	Other Revenue	6,522	-	17,718	-	24,240
70000	Total Revenue	6,925,587	55,377	1,945,825	-	8,926,789
91100	Administrative Salaries	245,338	-	112,287	-	357,625
91200	Auditing Fees	3,704	-	7,906	-	11,610
91500	Employee Benefit contributions - Administrative	228,318	-	140,935	-	369,253
91600	Office Expenses	38,978	-	19,144	-	58,122
91700	Legal Expense	-	-	710	-	710
91800	Travel	795	-	161	-	956
91900	Other	35,003	-	14,472	-	49,475
91000	Total Operating - Administrative	552,136	-	295,615	-	847,751

See Independent Auditors' Report

BRAINTREE HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

DECEMBER 31, 2019

FDS Line Item	Description	Housing Choice Vouchers	PIH Family Self Sufficiency Program	State/Local	Eliminations	Total
92100	Tenant Services - Salaries	-	46,410	-	-	46,410
92300	Employee Benefit Contributions - Tenant Services	-	8,967	-	-	8,967
92500	Total Tenant Services	-	55,377	-	-	55,377
93100	Water	-	-	90,321	-	90,321
93200	Electricity	-	-	208,762	-	208,762
93400	Fuel	-	-	6,759	-	6,759
93000	Total Utilities	-	-	305,842	-	305,842
94100	Ordinary Maintenance and Operations - Labor	-	-	244,081	-	244,081
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	22,905	-	22,905
94300	Ordinary Maintenance and Operations Contracts	-	-	39,716	-	39,716
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	139,427	-	139,427
94000	Total Maintenance	-	-	446,129	-	446,129
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	-	-	22,500	-	22,500
96130	Workmen's Compensation	12,776	-	9,045	-	21,821
96140	All Other Insurance	-	-	6,759	-	6,759
96100	Total Insurance Premiums	12,776	-	38,304	-	51,080
96200	Other General Expenses	3,480	-	-	-	3,480
96210	Compensated Absences	259	-	1,454	-	1,713
96300	Payments in Lieu of Taxes	-	-	3,148	-	3,148
96400	Bad debt - Tenant Rents	-	-	644	-	644
96000	Total Other General Expenses	3,739	-	5,246	-	8,985
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-
96900	Total Operating Expenses	568,651	55,377	1,091,136	-	1,715,164
97000	Excess of Operating Revenue over Operating Expenses	6,356,936	-	854,689	-	7,211,625
97100	Extraordinary Maintenance	-	-	16,811	-	16,811
97300	Housing Assistance Payments	6,348,663	-	868,783	-	7,217,446
97400	Depreciation Expense	-	-	233,168	-	233,168

See Independent Auditors' Report

BRAINTREE HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

DECEMBER 31, 2019

FDS Line Item	Description	Housing Choice Vouchers	PIH Family Self Sufficiency Program	State/Local	Eliminations	Total
90000	Total Expenses	6,917,314	55,377	2,209,898	-	9,182,589
10100	Total Other financing Sources (Uses)	-	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	8,273	-	(264,073)	-	(255,800)
11030	Beginning Equity	(399,749)	-	3,541,476	-	3,141,727
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11170	Administrative Fee Equity	(391,476)	-	-	-	(391,476)
11190	Unit Months Available	5,512	-	3,480	-	8,992
11210	Number of Unit Months Leased	5,512	-	3,462	-	8,974

See Independent Auditors' Report

BRAINTREE HOUSING AUTHORITY

**STATEMENT AND CERTIFICATION OF ACTUAL GRANT COSTS -
UNCOMPLETED**

FOR THE YEAR ENDED DECEMBER 31, 2019

Grant:	FSS18MA2291
Grant Funds Approved	\$ 55,377
Grant Funds Expended	<u>55,377</u>
Excess of Grant Funds Approved	<u>\$ --</u>
Grant Funds Advanced	\$ 46,205
Grant Funds Expended	<u>55,377</u>
Excess of Grant Funds Advanced	<u>\$ (9,172)</u>

See Independent Auditors' Report

BRAINTREE HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Sub-recipients	Total Federal Expenditures
Department of Housing & Urban Development (HUD)				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14,871	--	\$ -	\$ 6,903,383
Total Housing Voucher Cluster			-	6,903,383
PIH Family Self Sufficiency Program	14,896	--	-	55,377
Total Department of Housing & Urban Development			-	6,958,760
Total Expenditures of Federal Awards			\$ -	\$ 6,958,760

See Notes to the Schedule of Expenditures of Federal Awards

BRAINTREE HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Braintree Housing Authority, under programs of the federal government for the year ended December 31, 2019. The information in the schedule is presented in accordance with the requirements of the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Braintree Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of Braintree Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, 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. For performance-based awards, expenditures reported represent amounts earned.

NOTE 3 – INDIRECT COST RATE

The Braintree Housing Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

To The Board of Commissioners
Braintree Housing Authority
Braintree, Massachusetts

We have audited, 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, the financial statements of the Braintree Housing Authority as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Braintree Housing Authority's basic financial statements, and have issued our report thereon dated October 29, 2020.

Internal Control over Financial Reporting

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

Marcum LLP

Boston, Massachusetts
October 29, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To The Board of Commissioners
Braintree Housing Authority
Braintree, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Braintree Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Braintree Housing Authority's major federal program for the year ended December 31, 2019. The Braintree Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Braintree Housing Authority's major federal program 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 the Braintree Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Braintree Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Braintree 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 its major federal program for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the Braintree 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 the Braintree Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Braintree Housing Authority's internal control over compliance.

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

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

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

Marcum LLP

Boston, Massachusetts
October 29, 2020

BRAINTREE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over the major federal program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditors' report issued on compliance for the major federal program: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of the major federal program:

CFDA #	Name of Federal Program or Cluster
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14.871	Housing Voucher Cluster
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Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

BRAINTREE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior audit findings.

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

To The Board of Commissioners
Braintree Housing Authority
Braintree, Massachusetts

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Braintree Housing Authority (the Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the audit reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Authority and REAC. 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 chart below under the "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees



<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
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	Agrees
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	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

This agreed-upon procedures 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. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column in the agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Authority as of and for the year ended December 31, 2019 and have issued our reports thereon dated October 29, 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 Authority's supplementary information dated October 29, 2020, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditors' reports, is available in its entirety from the 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, REAC.

This purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Boston, Massachusetts
October 29, 2020