READING HOUSING AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

READING HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Reading Housing Authority
Reading, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the Reading Housing Authority, as of June 30, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Reading 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.

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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 Reading Housing Authority, as of June 30, 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 41 through 44, 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 Reading Housing Authority's basic financial statements. The supplementary information on pages 45 through 47, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S.* Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information presented on pages 45 through 47 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 45 through 47 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 March 26, 2020 on our consideration of the Reading 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 Reading 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 Reading Housing Authority's internal control over financial reporting and compliance.

Marcum LLP

Boston, Massachusetts
March 26, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

The Reading Housing Authority (the Authority) is pleased to present its basic financial statements as of and for the year ended June 30, 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 June 30, 2019, with comparative data for the year ended June 30, 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 June 30, 2019 by $763,671 (net position), representing an decrease of $37,565 over 2018. Unrestricted net position of ($259,409) at the end of the year represents funds that may be used to meet the Authority's ongoing obligations.
- Operating revenues increased by $189,318 and capital grants decreased by $65,612 in 2019 compared to 2018, while operating expenses increased by $135,547 and net nonoperating revenue decreased by $65,991 compared to 2018.
- The Authority's current ratio that measures liquidity increased during the year from 8.73 to 11.10. Current assets increased by $86,147 as a result of an increase of $85,712 in unrestricted and restricted investments. Current liabilities decreased by $8,386 due to the timing for the accrual of wages being in the middle of the pay period instead of at the end.
- The Authority's total debt decreased from $291,100 to $264,869 during the current year

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

State/Local and Other Programs

State Consolidated Housing
State Chapter 689 Housing
State Modernization Program
Local Program

For additional information on the Authority's programs, see Note 1 to the financial statements.

FINANCIAL ANALYSIS

Statement of Net Position

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). Also shown is the sum of total liabilities, net position, and deferred inflows of resources which equals total assets and deferred outflows of resources.

Presented below is the Authority's condensed summary of net position for FY 2019 compared to FY 2018.

SUMMARY OF NET POSITION
June 30, 2019 and 2018

	2019	2018	Change	% Change
Current Assets	$ 745,570	$ 659,423	$ 86,147	13.06%
Capital Assets	1,269,054	1,353,667	(84,613)	-6.25%
Total Assets	2,014,624	2,013,090	1,534	0.08%
Deferred Outflows of Resources	192,148	192,353	(205)	-0.11%
Current Liabilities	67,189	75,575	(8,386)	-11.10%
Noncurrent Liabilities	1,146,991	1,072,053	74,938	6.99%
Total Liabilities	1,214,180	1,147,628	66,552	5.80%
Deferred Inflows of Resources	228,921	256,579	(27,658)	-10.78%
Net Invested in Capital Assets	1,004,185	1,062,567	(58,382)	-5.49%
Restricted	18,895	538	18,357	3412.08%
Unrestricted (Deficit)	(259,409)	(261,869)	2,460	-0.94%
Total Net Position	$ 763,671	$ 801,236	$ (37,565)	-4.69%

Total assets of the Authority at June 30, 2019 and 2018 amounted to $2,014,624 and $2,013,090, respectively, an increase of .08%. The significant components of current assets are short-term cash and cash equivalents, and receivables. The significant components of noncurrent assets are long-term capital assets and notes receivable. Capital assets include land, land improvements, leasehold improvements, structures, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. In addition to the increases in current assets and notes receivable noted above, the Authority also experienced decreases in capital assets of $84,613.

Total liabilities of the Authority were $1,214,180 and $1,147,628 at June 30, 2019 and 2018, respectively, representing an increase of 5.8%. Current liabilities include accounts payable, accrued liabilities, unearned revenue and current portion of long-term debt. Noncurrent liabilities are primarily made up of the long-term portion of the notes payable and Pension/OPEB liabilities. Noncurrent liabilities increased by $74,938.

Deferred outflows of resources and deferred inflows of resources arise from the pension liability and OPEB (Other Post-Employment Benefits) liability reported by the Authority. Deferred outflows of resources primarily relate to contributions made by the Authority subsequent to the measurement date of the net pension liability, OPEB benefit payments after the measurement date, and differences between expected and actual experience. Deferred inflows of resources primarily relate to the difference between projected and actual earnings on plan investments and changes in assumptions. In 2019, the Authority's pension and OPEB related deferred outflows decreased by $205 and deferred inflows decreased by $27,658.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, structures, 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 .94%, or $2,460.

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

Presented on the following page is the condensed summary of revenues, expenses and changes in net position information for FY 2019 compared to FY 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 June 30, 2019 and 2018

	2019	2018	Change	% Change
Revenue				
Operating Revenues	$ 2,286,217	$ 2,096,899	$ 189,318	9.03%
Non-operating Revenues	17,907	83,898	(65,991)	-78.66%
Total Revenues	2,304,124	2,180,797	123,327	5.66%
Expenses				
Housing assistance payments	1,306,873	1,208,534	98,339	8.14%
Administration	329,072	257,274	71,798	27.91%
Repair and maintenance	286,515	347,817	(61,302)	-17.62%
Depreciation expense	105,119	101,361	3,758	3.71%
Utilities	178,676	155,472	23,204	14.92%
Tenant services	1,728	1,346	382	28.38%
Insurance expense	35,515	41,284	(5,769)	-13.97%
Other general expenses	86,239	81,102	5,137	6.33%
Interest expense	11,952	13,144	(1,192)	-9.07%
Total Expenses	2,341,689	2,207,334	134,355	6.09%
Change in Net Position	(37,565)	(26,537)	(11,028)	41.56%
Net Position - Beginning of Year	801,236	1,108,790	(307,554)	-27.74%
Prior Period Adjustments	--	(281,017)	281,017	-100.00%
Net Position - End of Year	$ 763,671	$ 801,236	$ (37,565)	-4.69%

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 from DHCD for public housing capital repairs.

The summary of revenues, expenses, and changes in net position, which precedes this section, reflects the year ended June 30, 2019 compared to the year ended June 30, 2018. Overall, operating revenues increased by approximately 9.03% or $189,318 from 2018 to 2019 and operating expenses increased by 6.18% or approximately $135,547 for the year; net nonoperating revenues decreased by 78.66% or 65,991; and capital grants decreased approximately 379.04% or $65,612. Net position decreased in 2019 by $37,565. Explanations of principal reasons for these changes follow.

The primary reason for favorable increases in operating revenues was a result of increases in operating subsidies and housing assistance payments of approximately 13.20% or $169,788 due to favorable HUD budget allocations in 2019, as well as income from tenant rentals increasing slightly from 2018 to 2019 by $21,868 or 2.99%.

The most significant increase in operating expenses was the increase in housing assistance payments expense of $98,339 or 8.14%. Housing assistance payments increased due to slightly higher utilization, as well as the phasing in of higher voucher payment standards that were adopted in 2018 and 2019. Net non-operating expenses decreased by $1,192 during the year. Interest expense was reduced compared to 2018 due to reductions in long-term debt in 2019.

Capital grants for the year ended June 30, 2019 were made up of $17,310 from the state modernization program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2019, the Authority had invested $20,505 in a range of capital assets, including land, buildings, furniture, equipment, vehicles and construction in progress. The schedule below reflects the changes in capital assets, net of depreciation, during FY 2019:

CAPITAL ASSET ANALYSIS
June 30, 2019 and 2018

	2019	2018	Change	% Change
Land	$ 13,767	$ 13,767	$ --	0.00%
Buildings	4,681,059	4,638,339	42,720	0.92%
Furniture and equipment	120,461	117,267	3,194	2.72%
Construction in progress	35,513	60,922	(25,409)	-41.71%
Total capital assets	4,850,800	4,830,295	20,505	0.42%
Accumulated depreciation	(3,581,746)	(3,476,628)	(105,118)	3.02%
Capital assets, net of accumulated depreciation	$ 1,269,054	$ 1,353,667	$ (84,613)	-6.25%

Net capital assets decreased by $84,613 in FY 2019 when compared to FY 2018. Additions and transfers totaled $45,914. Total depreciation expense for FY 2019 was $105,118. The majority of the additions were attributable to construction in progress. Additional information on the Authority's capital assets can be found in Note 7 of the notes to financial statements.

Long-Term Debt

At the end of FY 2019, the Authority had total long-term debt of $264,869. This amount represents notes that were issued to purchase properties owned by the Authority. The Authority's debt decreased by $26,231 when compared to FY 2018. Additional information on the Authority's long-term debt can be found in Note 9 of the notes to financial statements.

LONG TERM DEBT ANALYSIS
June 30, 2019 and 2018

	2019	2018	Change	% Change
Long term debt	$ 264,869	$ 291,100	$ (26,231)	-9.01%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- Federal funding provided by Congress to the Department of Housing and Urban Development
- 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 Authority is primarily dependent upon HUD for the funding of its Housing Choice Voucher programs; therefore, the Authority is affected more by the federal budget than by local economic conditions.

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 Julie Johnston, Executive Director, Reading Housing Authority, 22 Frank D. Tanner Drive, Reading, MA 01867.

READING HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS		
Current Assets		
Cash and cash equivalents	$	682,784
Restricted cash		19,889
Accounts receivable, net		9,796
Prepaid expenses and other current assets		33,101
Total Current Assets		745,570
Noncurrent Assets		
Capital assets, non-depreciable		49,280
Capital assets, net of accumulated depreciation		1,219,774
Total Noncurrent Assets		1,269,054
TOTAL ASSETS		2,014,624
DEFERRED OUTFLOWS OF RESOURCES		192,148

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

READING HOUSING AUTHORITY

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2019

LIABILITIES	
Current Liabilities	
Current portion of long term debt	27,435
Accounts payable	26,968
Accrued wages and current portion of compensated absences	11,757
Unearned revenue	35
Tenant security deposits	994
Total Current Liabilities	67,189
Noncurrent Liabilities	
Long term debt, net of current portion	237,434
Accrued compensated absences, net of current portion	13,249
Net pension liability	388,210
OPEB liability	508,098
Total Noncurrent Liabilities	1,146,991
TOTAL LIABILITIES	1,214,180
DEFERRED INFLOWS OF RESOURCES	228,921
NET POSITION	
Net investment in capital assets	1,004,185
Restricted:	
Housing assistance payments	18,895
Unrestricted (deficit)	(259,409)
TOTAL NET POSITION	$ 763,671

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

READING HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES	
HUD grants and contributions	$ 1,456,268
Tenant rental income	753,229
Other revenue	76,720
Total Operating Revenues	2,286,217
OPERATING EXPENSES	
Housing assistance payments	1,306,873
Administration	329,072
Repair and maintenance	286,515
Utilities	178,676
Depreciation expense	105,119
Other general expenses	86,239
Insurance expense	35,515
Tenant services	1,728
Total Operating Expenses	2,329,737
Operating Loss	(43,520)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	597
Interest expense	(11,952)
Total Nonoperating Revenues (Expenses)	(11,355)
Loss before Capital Grants	(54,875)
CAPITAL GRANTS	
Other government capital grants	17,310
Total Capital Grants	17,310
Change in Net Position	(37,565)
Net Position, Beginning of Year	801,236
Net Position, End of Year	$ 763,671

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

READING HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
HUD grants	$ 1,448,167
Other government grants	17,032
Receipts from tenants	745,453
Other operating receipts	76,528
Payments to employees	(361,213)
Payments to suppliers	(495,369)
Payments to landlords	(1,306,873)
Net cash provided by operating activities	123,725
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Other government capital grants	38,435
Interest expense	(11,952)
Payments on long term debt	(26,231)
Acquisitions of capital assets	(20,506)
Net cash used in capital and related financing activities	(20,254)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	597
Net cash provided by investing activities	597
Net increase in cash, cash equivalents and restricted cash	104,068
Cash, cash equivalents and restricted cash, beginning of year	598,605
Cash, cash equivalents and restricted cash, end of year	$ 702,673

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

READING HOUSING AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

Reconciliation of operating loss to net cash provided by operating activities:		
Operating Loss	$	(43,520)
Adjustments:		
Depreciation		105,119
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, tenants		(2,775)
(Increase) decrease in accounts receivable, other government		17,032
(Increase) decrease in prepaid expenses and other current assets		(17,461)
(Decrease) increase in accounts payable		9,652
(Decrease) increase in accounts payable, HUD		(8,101)
(Decrease) increase in compensated absences and accrued wages		2,148
(Decrease) increase in net pension and OPEB liabilities		61,606
(Decrease) increase in tenant security deposits		(1)
(Decrease) increase in unearned operating revenue		26
Net cash provided by operating activities	$	123,725
Cash, cash equivalents and restricted cash per Statement of Net Position:		
Cash and cash equivalents	$	682,784
Restricted cash - current		19,889
Total cash, cash equivalents and restricted cash per Statement of Net Position	$	702,673

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

NOTE 1 – ORGANIZATION

The Reading 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 – 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.

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.

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.

Local Program – The Authority owns and operates 13 units of housing in the town of Reading. These units are leased on an affordable basis, and further the Authority's mission to provide safe, decent affordable housing.

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.

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.

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 $500 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	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 allows employees to accumulate vacation and sick leave at varying rates depending upon years of service. Upon termination, all accumulated vacation leave will be paid to the employee. All accumulated maximum vacation leave is accrued when incurred in the financial statements. Employees are paid by prescribed formula for absence due to sickness and vacation. Total accrued compensated absences at June 30, 2019 aggregated $17,666.

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.

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 the Commonwealth of Massachusetts, as well as 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 of 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).*

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 11) or related to OPEB (See Note 12). The following is a summary of deferred outflows and inflows of resources at June 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Net Pension Liability	$ 169,960	$ 74,164
Related to Total OPEB Liability	22,188	154,757
Total	$ 192,148	$ 228,921

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 March 26, 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.

NOTE 3 – NET POSITION

Net position is reported in three categories:

Net 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. At June 30, 2019, the net investment in capital assets was $1,004,185.

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 June 30, 2019, restrictions of $18,895, represent the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

Unrestricted Net Position is designed to represent the net available (non-capital) assets, for the entire Authority. At June 30, 2019, the unrestricted net position was ($259,409).

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 June 30, 2019.

NOTE 5 – RESTRICTED CASH

The Authority's restricted cash balance consists of funds restricted for future HAP payments as well as funds designated for tenant security deposits. These amounts support either a corresponding liability or restricted net position. At June 30, 2019, restricted cash was categorized as follows:

Category of Restriction	Amount	
Housing assistance payments	$	18,895
Tenant security deposits		994
Total	$	19,889

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at June 30, 2019.

Category of Receivable	Amount	
Other Government	$	6,260
Tenants		9,098
Gross Receivables		15,358
Allowance - Tenants		(5,562)
Net Receivables	$	9,796

NOTE 7 – CAPITAL ASSETS

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

	July 01, 2018	Increases	Decreases	June 30, 2019
Capital assets not being depreciated				
Land	$ 13,767	$ --	$ --	$ 13,767
Construction in Progress	60,922	17,311	(42,720)	35,513
Total capital assets not being depreciated	74,689	17,311	(42,720)	49,280
Other Capital Assets				
Buildings	4,638,339	42,720	--	4,681,059
Furniture, equipment & machinery	117,267	3,194	--	120,461
Total other capital assets	4,755,606	45,914	--	4,801,520
Less accumulated depreciation				
Buildings	3,381,221	97,709	--	3,478,930
Furniture, equipment & machinery	95,406	7,410	--	102,816
Total accumulated depreciation	3,476,627	105,119	--	3,581,746
Capital Assets Net	$ 1,353,668	$ (41,894)	$ (42,720)	$ 1,269,054
Depreciation expense was charged to:				
State/Local Programs		$ 105,119		

NOTE 8 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2019 is as follows:

	July 01, 2018	Additions	Reductions	June 30, 2019	Amount due within one year
Compensated Absences	$ 15,401	$ 1,256	$ (3,408)	$ 17,666	$ 4,417
Net Pension Liability	323,281	73,225	--	388,210	--
Total OPEB Liability	483,968	24,130	--	508,098	--
Total	$ 822,650	$ 98,611	$ (11,704)	$ 913,974	$ 4,417

NOTE 9 – LONG TERM DEBT

Long term debt activity for the year ended June 30, 2019 is as follows:

	6/30/2018	Additions	Reductions	6/30/2019	Amount due within one year
Notes Payable	$ 291,100	$ --	$ (26,231)	$ 264,869	$ 27,435
Total	$ 291,100	$ --	$ (26,231)	$ 264,869	$ 27,435

In 1997, Authority borrowed $114,950 from Reading Cooperative Bank to purchase property in Reading to further its local housing program. The note is collateralized by the property. The note is being repaid in equal monthly installments of principal and interest of $616.21. Interest accrues at a rate of 4.25% per annum. For the year ended June 30, 2019, the Authority incurred interest expense of $2,285. The total principal balance outstanding at June 30, 2019 was $50,980. The note is set to mature on August 15, 2027.

In 1999, Authority borrowed $180,000 from Reading Cooperative Bank to purchase property in Reading to further its local housing program. The note is collateralized by the property. The note is being repaid in equal monthly installments of principal and interest of $1,043.19. Interest accrues at a rate of 4.25% per annum. For the year ended June 30, 2019, the Authority incurred interest expense of $3,888. The total principal balance outstanding at June 30, 2019 was $86,811. The note is set to mature on May 20, 2027.

In 2001, Authority borrowed $95,000 from Reading Cooperative Bank to purchase property in Reading to further its local housing program. The note is collateralized by the property. The note is being repaid in equal monthly installments of principal and interest of $589.93. Interest accrues at a rate of 4.25% per annum. For the year ended June 30, 2019, the Authority incurred interest expense of $2,208. The total principal balance outstanding at June 30, 2019 was $49,310. The note is set to mature on December 12, 2027.

In 2004, Authority borrowed $144,000 from Reading Cooperative Bank to purchase property in Reading to further its local housing program. The note is collateralized by the property. The note is being repaid in equal monthly installments of principal and interest of $930.60. Interest accrues at a rate of 4.25% per annum. For the year ended June 30, 2019, the Authority incurred interest expense of $3,483. The total principal balance outstanding at June 30, 2019 was $77,768. The note is set to mature on January 9, 2027.

NOTE 9 – LONG TERM DEBT (CONTINUED)

The debt will be amortized as follows:

Year	Principal Payments	Interest Payments	Total
2020	$ 27,435	$ 10,724	$ 38,159
2021	28,624	9,535	38,159
2022	29,865	8,294	38,159
2023	31,181	6,979	38,160
2024	32,509	5,650	38,159
2025-2028	115,255	8,289	123,544
Total	$ 264,869	$ 49,471	$ 314,340

NOTE 10 – 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 June 30, 2019 aggregated $6,963.

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The Authority provides pension benefits to certain employees through the Reading Contributory Retirement System (RCRS), 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 RCRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to RCRS, 2 Haven Street, Unit 307, Reading, MA 01867, or by calling 781-942-9007.

PLAN MEMBERSHIP

At June 30, 2019, there are 5 active employees enrolled in the plan.

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS

State law establishes benefit provisions and contribution requirements of the RCRS. 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.

NOTE 11 – 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 .753% of the total. The Authority's required and actual contributions to RCRS for the year ended June 30, 2019 were $44,934. Employee contributions for the same period were $19,583.

PENSION LIABILITIES

At June 30, 2019, the Authority reported a liability of $388,210 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 January 1, 2019. 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.

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

For the year ended June 30, 2019, the Authority recognized pension expense of $73,225. 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 June 30, 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	$ 82,299	$ 8,325
Changes of assumptions	27,647	33,102
Net difference between projected and actual earnings on pension plan investments	43,408	--
Changes in proportion and differences between contributions and proportionate share of contributions	16,606	32,737
Total	$ 169,960	$ 74,164

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:

For the year ending June 30,	Deferred Outflows (Inflows) of Resources
2020	$ 43,265
2021	22,916
2022	8,460
2023	22,414
2024	(1,259)
Thereafter	--
Total	$ 95,796

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL METHODS & ASSUMPTIONS

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	7.50%
Discount rate	7.50%
Inflation	3.00%
Salary increases	3.25% to 7.00%, based on service
Cost of living adjustments	3.00% of the first $12,000
Mortality rates	Based on the RP-2000 Combined Mortality Tables, with adjustments for improvements based on Scale BB.

NOTE 11 – 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
Global equity	39.00%	4.75%
Fixed Income	15.00%	1.05%
Private Equity	13.00%	8.15%
Hedge Funds and Portfolio Completion	11.00%	3.76%
Real Estate	10.00%	3.43%
Value-Added Fixed Income	8.00%	4.58%
Timber/Natural Resources	4.00%	4.00%

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.5 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.

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 6.50%	Current Discount 7.50%	1% Increase 8.50%
Net pension liability	$ 543,430	$ 388,210	$ 256,040

PENSION PLAN FIDUCIARY NET POSITION

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

PAYABLES TO THE PENSION PLAN

As of June 30, 2019, the Authority had no outstanding payables to RCRS.

NOTE 12 – 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 June 30, 2019, there are 4 active employees and 5 retired employees enrolled in the plan.

TOTAL OPEB LIABILITY

The Authority's total OPEB liability of $508,098 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of July 1, 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 July 1, 2017.

Actuarial Cost Method: Individual Entry Age Normal

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

Municipal Bond Rate: 3.13% as of July 1, 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 July 1, 2017 and for future periods

Salary Increase: 3.00% annually as of July 1, 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.

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 increases at a rate of 5.0% per annum

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

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 June 30, 2018	$ 483,968
Changes for the year:	
Service cost	29,973
Interest	16,345
Benefit payments	(22,188)
Net Changes	24,130
Balance at June 30, 2019	$ 508,098

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	$ 555,888	$ 508,098	$ 425,820

NOTE 12 – 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	$ 410,401	$ 508,098	$ 575,213

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

For the year ended June 30, 2019, the Authority recognized OPEB gains of $14,559. 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 June 30, 2019, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ --	$ 154,757
Contributions subsequent to the measurement date	22,188	--
Total	$ 22,188	$ 154,757

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

For the year ended June 30,	Deferred Outflows (Inflows) of Resources
2020	$ 16,501
2021	38,689
2022	38,689
2023	38,690
Total	$ 132,569

NOTE 13 – 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 $20,714. There were no employer contributions.

NOTE 14 – 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.

READING HOUSING AUTHORITY

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST TWO FISCAL YEARS

	2018	2017
Total OPEB Liability		
Service cost	$ 29,973	$ 22,218
Interest	16,345	21,723
Changes of benefit terms	--	--
Difference between expected and actual experience	--	(193,446)
Changes of Assumptions	--	18,900
Benefit payments	(22,188)	(25,214)
Net Change in Total Pension Liability	24,130	(155,819)
Total OPEB Liability - Beginning	483,968	639,787
Total OPEB Liability - Ending	$ 508,098	$ 483,968
Covered Payroll	$ 364,370	$ 353,757
Net OPEB Liability as a Percentage of Covered Payroll	139.45%	136.81%

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

READING HOUSING AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
READING CONTRIBUTORY RETIREMENT SYSTEM

LAST THREE FISCAL YEARS

Measurement Period Ending December 31,	2018	2017	2016
Proportion of the net pension liability	0.753%	0.870%	0.874%
Proportionate share of the net pension liability	$ 388,210	$ 323,281	$ 392,082
Covered payroll	$ 185,698	$ 153,276	$ 269,699
Proportionate share of the net pension liability as a percentage of covered payroll	209.1%	210.9%	145.4%
Plan fiduciary net position as a percentage of the total pension liability	72.560%	79.320%	73.430%

* The amounts presented for each fiscal year were determined as of 12/31.

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

READING HOUSING AUTHORITY

SCHEDULE OF PENSION CONTRIBUTIONS
READING CONTRIBUTORY RETIREMENT SYSTEM

LAST THREE FISCAL YEARS

Measurement Period Ending December 31,	2018	2017	2016
Contractually required contribution	$ 44,934	$ 49,492	$ 47,361
Contributions in relation to the contractually required contribution	44,934	49,492	47,361
Contribution deficiency (excess)	$ --	$ --	$ --
Covered payroll	$ 185,698	$ 153,276	$ 269,699
Contributions as a percentage of covered payroll	24.20%	32.29%	17.56%

* The amounts presented for each fiscal year were determined as of 12/31.

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

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

Effective June 30, 2017

- Discount rate is 3.25%, previously 3.50%

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

The Investment return assumption was decreased from 7.65% to 7.50% effective in the January 1, 2019 actuarial valuation.

READING HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2019

FDS Line Item	Description	Housing Choice Vouchers	State/Local	Total
111	Cash - Unrestricted	40,840	641,944	682,784
113	Cash - Other Restricted	18,895	-	18,895
114	Cash - Tenant Security Deposits	-	994	994
100	Total Cash	59,735	642,938	702,673
124	Accounts Receivable - Other Government	-	6,260	6,260
126	Accounts Receivable - Tenants	-	9,098	9,098
126.1	Allowance for Doubtful Accounts -Tenants	-	(5,562)	(5,562)
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	9,796	9,796
142	Prepaid Expenses and Other Assets	1,038	32,063	33,101
150	Total Current Assets	60,773	684,797	745,570
161	Land	-	13,767	13,767
162	Buildings	-	4,681,059	4,681,059
164	Furniture, Equipment & Machinery - Administration	-	120,461	120,461
166	Accumulated Depreciation	-	(3,581,746)	(3,581,746)
167	Construction in Progress	-	35,513	35,513
160	Total Capital Assets, Net of Accumulated Depreciation	-	1,269,054	1,269,054
180	Total Non-Current Assets	-	1,269,054	1,269,054
200	Deferred Outflow of Resources	33,453	158,695	192,148
290	Total Assets and Deferred Outflow of Resources	94,226	2,112,546	2,206,772
312	Accounts Payable <= 90 Days	186	26,782	26,968
321	Accrued Wage/Payroll Taxes Payable	289	7,051	7,340
322	Accrued Compensated Absences - Current Portion	247	4,170	4,417
341	Tenant Security Deposits	-	994	994
342	Unearned Revenue	-	35	35
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	27,435	27,435
310	Total Current Liabilities	722	66,467	67,189
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	237,434	237,434
354	Accrued Compensated Absences - Non Current	738	12,511	13,249
357	Accrued Pension and OPEB Liabilities	219,553	676,755	896,308
350	Total Non-Current Liabilities	220,291	926,700	1,146,991
300	Total Liabilities	221,013	993,167	1,214,180

READING HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2019

FDS Line Item	Description	Housing Choice Vouchers	State/Local	Total
400	Deferred Inflow of Resources	18,298	210,623	228,921
508.4	Net Investment in Capital Assets	-	1,004,185	1,004,185
511.4	Restricted Net Position	18,895	-	18,895
512.4	Unrestricted Net Position	(163,980)	(95,429)	(259,409)
513	Total Equity - Net Assets / Position	(145,085)	908,756	763,671
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	94,226	2,112,546	2,206,772
70300	Net Tenant Rental Revenue	-	753,229	753,229
70500	Total Tenant Revenue	-	753,229	753,229
70600	HUD PHA Operating Grants	1,456,268	-	1,456,268
70700	Total Fee Revenue	-	-	-
70800	Other Government Grants	-	17,310	17,310
71100	Investment Income - Unrestricted	2	595	597
71400	Fraud Recovery	192	-	192
71500	Other Revenue	-	76,528	76,528
70000	Total Revenue	1,456,462	847,662	2,304,124
91100	Administrative Salaries	15,301	107,617	122,918
91200	Auditing Fees	5,303	5,497	10,800
91500	Employee Benefit contributions - Administrative	24,114	98,952	123,066
91700	Legal Expense	-	332	332
91800	Travel	301	359	660
91900	Other	15,820	55,476	71,296
91000	Total Operating - Administrative	60,839	268,233	329,072
92400	Tenant Services - Other	-	1,728	1,728
92500	Total Tenant Services	-	1,728	1,728
93100	Water	-	66,623	66,623
93200	Electricity	-	98,848	98,848
93300	Gas	-	485	485
93400	Fuel	-	12,720	12,720
93000	Total Utilities	-	178,676	178,676
94100	Ordinary Maintenance and Operations - Labor	-	127,417	127,417
94200	Ordinary Maintenance and Operations - Materials and Other	-	15,696	15,696
94300	Ordinary Maintenance and Operations Contracts	-	56,162	56,162

READING HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2019

FDS Line Item	Description	Housing Choice Vouchers	State/Local	Total
94500	Employee Benefit Contributions - Ordinary Maintenance	-	49,302	49,302
94000	Total Maintenance	-	248,577	248,577
95000	Total Protective Services	-	-	-
96140	All Other Insurance	3,253	32,262	35,515
96100	Total insurance Premiums	3,253	32,262	35,515
96200	Other General Expenses	71,794	-	71,794
96210	Compensated Absences	569	1,695	2,264
96300	Payments in Lieu of Taxes	-	6,963	6,963
96400	Bad debt - Tenant Rents	-	5,218	5,218
96000	Total Other General Expenses	72,363	13,876	86,239
96710	Interest of Mortgage (or Bonds) Payable	-	11,952	11,952
96700	Total Interest Expense and Amortization Cost	-	11,952	11,952
96900	Total Operating Expenses	136,455	755,304	891,759
97000	Excess of Operating Revenue over Operating Expenses	1,320,007	92,358	1,412,365
97100	Extraordinary Maintenance	-	37,938	37,938
97300	Housing Assistance Payments	1,306,873	-	1,306,873
97400	Depreciation Expense	-	105,119	105,119
90000	Total Expenses	1,443,328	898,361	2,341,689
10100	Total Other financing Sources (Uses)	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	13,134	(50,699)	(37,565)
11030	Beginning Equity	(158,219)	959,455	801,236
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-
11170	Administrative Fee Equity	(163,980)	-	(163,980)
11180	Housing Assistance Payments Equity	18,895	-	18,895
11190	Unit Months Available	1,500	1,332	2,832
11210	Number of Unit Months Leased	1,226	1,314	2,540

READING HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 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	--	$ --	$ 1,443,328
Total Housing Voucher Cluster			--	1,443,328
Total Department of Housing & Urban Development			--	1,443,328
Total Expenditures of Federal Awards			$ --	$ 1,443,328

See Notes to the Schedule of Expenditures of Federal Awards

READING HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Reading Housing Authority, under programs of the federal government for the year ended June 30, 2019. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Reading Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of Reading 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 Reading Housing Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

MARCUM
ACCOUNTANTS ▲ ADVISORS

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
Reading Housing Authority
Reading, 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 Reading Housing Authority as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Reading Housing Authority's basic financial statements, and have issued our report thereon dated March 26, 2020.

Internal Control over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Reading 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
March 26, 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
Reading Housing Authority
Reading, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Reading 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 Reading Housing Authority's major federal program for the year ended June 30, 2019. The Reading 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 Reading 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 Reading 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 Reading Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Reading 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 June 30, 2019.

Report on Internal Control over Compliance

Management of the Reading 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 Reading 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 Reading 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
March 26, 2020

READING HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 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 __X__ No
- Significant deficiency(ies) identified? _____ Yes __X__ None Reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

FEDERAL AWARDS

Internal control over the major federal program:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified? _____ Yes __X__ 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 __X__ No

Identification of the major federal program:

CFDA #	Name of Federal Program or Cluster
14.871	Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low-risk auditee? _____ Yes __X__ No

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

2018-001 – Reporting: Federal Audit Clearinghouse

U.S. Department of Housing and Urban Development
CFDA #: 14.871 – Housing Voucher Cluster

CONDITION

As part of our audit, we identified that the Authority did not submit its 2017 audited financial statements to the Federal Audit Clearinghouse.

CURRENT STATUS

Corrected.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To The Board of Commissioners
Reading Housing Authority
Reading, Massachusetts

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Reading 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.

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	FINDINGS
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDAs	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

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	FINDINGS
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 June 30, 2019 and have issued our reports thereon dated March 26, 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 March 26, 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
March 26, 2020