

BERKELEY HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEAR ENDED DECEMBER 31, 2015

**BERKELEY HOUSING AUTHORITY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2015**

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Financial Statements:	
Statement of Net Position	12-13
Statement of Revenues, Expenses, and Changes in Net Position	14
Statement of Cash Flows	15-16
Notes to Financial Statements	17-32
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	33-34
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	35-36
Supplemental Information:	
Schedule of Expenditures of Federal Awards	37
Notes to Schedule of Expenditures of Federal Awards	38-39
Schedule of Findings and Questioned Costs	40-41
Required Pension Information	42
Financial Data Schedule	43-46



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Berkeley Housing Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Berkeley Housing Authority ("the Authority") as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying 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.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berkeley Housing Authority as of December 31, 2015 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Berkeley Housing Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The financial data schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Berkeley Housing Authority as of and for the year ended December 31, 2015, and have issued our report thereon dated August 1, 2016, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 1, 2016 on our consideration of the Berkeley Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Berkeley Housing Authority's internal control over financial reporting and compliance.

Fallon & Larsen LLP

August 1, 2016
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2015**

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A Financial Highlights

1. The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,562,463 (net position) as opposed to \$2,576,722 for the prior fiscal year.
2. As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of \$696,624.
3. The Authority's cash and cash equivalent balance (including restricted cash) at December 31, 2015 was \$1,833,468 representing a decrease of \$80,727 from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$1,257,194 and Total Operating Expenses of \$1,441,240 for the year ended December 31, 2015.
5. The Authority's capital outlays for the fiscal year were \$35,781.
6. The Authority's Expenditures of Federal Awards amounted to \$927,713 for the fiscal year.

B. Using the Annual Report

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's general purpose financial statements. The Authority's general purpose financial statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2015**

B. Using the Annual Report (continued)

2. Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

The Statement of Cash Flows presents relevant information about the Authority's cash receipts and cash payments during the year.

The basic financial statements report is on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The basic financial statements can be found on pages 12 through 16 in this Report.

3. Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in this Report after the basic financial statements.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2015**

B. Using the Annual Report (continued)

4. Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule of Expenditures of Federal Awards can be found on page 37 of this report.

C. The Authority as a Whole

The Authority's net position decreased during the fiscal year as detailed on the next page. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were not sufficient to cover all expenses, excluding depreciation during the fiscal year.

The Authority's net position is reflected in its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services for its tenants; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2015**

C. The Authority as a Whole (continued)

Computation of Net Position is as follows:

	December 31,			%
	2015	2014	Variance	Change
Cash and Other Current Assets	\$ 1,698,398	\$ 1,734,082	\$ (35,684)	-2.06%
Restricted Cash	141,992	186,661	(44,669)	-23.93%
Capital Assets, Net	998,847	1,112,402	(113,555)	-10.21%
Deferred Outflows of Resources	<u>122,457</u>	<u>-</u>	<u>122,457</u>	n/a
Total Assets and Deferred Outflows	2,961,694	3,033,145	(71,451)	-2.36%
Less: Total Liabilities and Deferred				
Inflows of Resources	<u>1,399,231</u>	<u>456,423</u>	<u>942,808</u>	206.56%
Net Position	<u>\$ 1,562,463</u>	<u>\$ 2,576,722</u>	<u>\$ (1,014,259)</u>	-39.36%
Net Investment in Capital Assets	\$ 723,847	\$ 822,402	\$ (98,555)	-11.98%
Restricted Net Position	141,992	186,661	(44,669)	-23.93%
Unrestricted Net Position	<u>696,624</u>	<u>1,567,659</u>	<u>(871,035)</u>	-55.56%
Total Net Position	<u>\$ 1,562,463</u>	<u>\$ 2,576,722</u>	<u>\$ (1,014,259)</u>	-39.36%

- Cash and other current assets decreased \$35,684 as the Authority's operating cash on hand decreased \$36,058.
- Restricted cash decreased \$44,669 primarily due to the Authority utilizing reserves restricted for modernization to purchase capital assets.
- Capital assets, net decreased \$113,555 as depreciation expense of \$128,448 and dispositions of \$20,888 exceeded capital purchases of \$35,781.
- Total liabilities and deferred inflows of resources increased \$942,808 primarily due to the Authority being required to record their unfunded pension obligation as required by GASB 68. The adoption of GASB 68 resulted in an ending pension liability of \$861,045 and deferred inflows of resources of \$75,115.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2015**

C. The Authority as a Whole (continued)

	December 31,			%
	2015	2014	Variance	Change
<u>Operating revenues:</u>				
Tenant Revenues	\$ 321,332	\$ 315,757	\$ 5,575	1.77%
HUD Operating Grants	729,262	1,606,719	(877,457)	-54.61%
Other Revenues	<u>206,600</u>	<u>1,266,682</u>	<u>(1,060,082)</u>	-83.69%
Total Revenues	<u>1,257,194</u>	<u>3,189,158</u>	<u>(1,931,964)</u>	-60.58%
<u>Operating Expenses:</u>				
Other Operating Expenses	788,361	742,924	45,437	6.12%
Housing Assistance Payments	524,431	1,342,533	(818,102)	-60.94%
Depreciation	<u>128,448</u>	<u>124,425</u>	<u>4,023</u>	3.23%
Total Operating Expenses	<u>1,441,240</u>	<u>2,209,882</u>	<u>(768,642)</u>	-34.78%
Operating Loss	<u>(184,046)</u>	<u>979,276</u>	<u>(1,163,322)</u>	-118.79%
<u>Other Revenues (Expense):</u>				
Interest expense	(13,453)	(14,394)	941	-6.54%
Extraordinary maintenance	(30,007)	(14,000)	(16,007)	114.34%
Interest income	1,758	89	1,669	1875.28%
Capital Grants	<u>15,000</u>	<u>20,888</u>	<u>(5,888)</u>	-28.19%
Net Other Revenue (Expense)	<u>(26,702)</u>	<u>(7,417)</u>	<u>(19,285)</u>	260.01%
Change in Net Position	(210,748)	971,859	(1,182,607)	-121.69%
Net Position, Beginning of Year	<u>2,576,722</u>	<u>1,604,863</u>	<u>971,859</u>	60.56%
Change in Accounting Principle, Adopt GASB 68	<u>(803,511)</u>	<u>-</u>	<u>(803,511)</u>	n/a
Net Position, End of Year	<u>\$ 1,562,463</u>	<u>\$ 2,576,722</u>	<u>\$ (1,014,259)</u>	-39.36%

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2015**

Computations of the Changes in Net position is as follows:

C. The Authority as a Whole (continued)

- HUD operating grants are down \$877,457 due to the Authority no longer administering its Section 8 New Construction Program.
- Other revenue decreased \$1,060,082 as the Authority received a one-time payment from the termination of the Section 8 New Construction Program in FY 2014.
- Other operating expenses increased \$45,437, primarily due to an increase of \$18,489 in administrative expenses and ordinary maintenance and operations expenses increased \$14,473.
- Housing assistance payments decreased by \$818,102 primarily due to the Authority no longer processing HAP payments in the Section 8 New Construction Program.

D. Budgetary Highlights

For the year ended December 31, 2015, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. Also, the Authority adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the deficit of revenues over expenses, the Authority's net position decreased during the fiscal year.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2015**

E. Capital Assets and Debt Administration

1. Capital Assets

As of December 31, 2015, the Authority's investment in capital assets for its Proprietary Fund was \$998,847. This investment in capital assets includes land, buildings, equipment and construction in progress, net of accumulated depreciation.

Major capital assets purchased for the year totaled \$35,781 and pertained to expenditures made from reserves for modernization held by the Authority.

Additional information on the Authority's capital assets can be found in the Notes to the Financial Statements, which is included in this Report.

2. Long Term Debt

During 2007, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2007 Series A with a face value of \$390,000 on August 2, 2007. The Authority's share of funds from the bond issue pool amounted to \$371,595. Interest accrues at 4.50% and is payable semi-annually on May 1st and November 1st. Repayment of the funds shall be paid solely from Capital Fund allocations received by the Authority from the Department of Housing and Urban Development.

Please refer to the notes to the financial statements for additional information on the Authority's long-term debt.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT DECEMBER 31, 2015**

F. Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending December 31, 2016:

1. The state of the economy.
2. The need for Congress to fund the war on terrorism and the continued cut-back on HUD subsidies and grants.
3. The use of the Authority's Unrestricted Net Position of \$696,624 to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's Unrestricted Net Position appears sufficient to cover any shortfall.
4. The expiration of the Housing Assistance Payment contract (HAP) and the Annual Contributions Contract (ACC) on July 18, 2014 for the administration of the Section 8 New Construction program (Bayville Senior Citizens Project).

G. Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Grace Dekker, Executive Director, Berkeley Housing Authority, 44 Frederick Drive, Bayville, NJ 08721.

FINANCIAL STATEMENTS

**BERKELEY HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2015**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,691,476
Accounts receivable - HUD	2,483
Account receivable - tenants, net	2,845
Accounts receivable - other	<u>1,594</u>
Total current assets	<u>1,698,398</u>
Non-current assets	
Restricted cash and cash equivalents	141,992
Capital assets, net	<u>998,847</u>
Total non-current assets	<u>1,140,839</u>
Total assets	<u>\$ 2,839,237</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>\$ 122,457</u>
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BERKELEY HOUSING AUTHORITY
STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2015

LIABILITIES

Current liabilities:	
Accounts payable	\$ 29,975
Accrued wages and payroll taxes	2,956
Accrued compensated absences	10,538
Tenant security deposits	33,336
Prepaid tenant rents	16,429
Current portion of long term debt	<u>15,000</u>
Total current liabilities	<u>108,234</u>
Non-current liabilities:	
Accrued compensated absences, net of current portion	94,837
Long term debt, net of current portion	260,000
Net pension liability	<u>861,045</u>
Total non-current liabilities	<u>1,215,882</u>
Total liabilities	<u>\$ 1,324,116</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>\$ 75,115</u>
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NET POSITION

Net position:	
Net investment in capital assets	723,847
Restricted	141,992
Unrestricted	<u>696,624</u>
Total net position	<u>\$ 1,562,463</u>

See accompanying notes to financial statements.

**BERKELEY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015**

Operating revenues:	
Tenant revenue	\$ 321,332
HUD grants	729,262
Other revenues	<u>206,600</u>
Total operating revenues	<u>1,257,194</u>
Operating expenses:	
Administrative	283,196
Tenant services	14,492
Utilities	240,597
Ordinary maintenance and operations	190,546
Insurance expense	35,629
General expenses	23,901
Housing assistance payments	524,431
Depreciation	<u>128,448</u>
Total operating expenses	<u>1,441,240</u>
Operating loss	<u>(184,046)</u>
Non-operating revenue (expense):	
Investment income	1,758
Interest expense	(13,453)
Extraordinary maintenance	<u>(30,007)</u>
Net non-operating revenue (expense)	<u>(41,702)</u>
Loss before capital grants	(225,748)
Capital grants	<u>15,000</u>
Change in net position	(210,748)
Net position, beginning of year (as restated)	<u>1,773,211</u>
Net position, end of year	<u><u>\$ 1,562,463</u></u>

See accompanying notes to financial statements.

**BERKELEY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash Flows from Operating Activities:	
Cash received from tenants	\$ 528,957
Cash received from grantors	744,265
Cash paid to employees	(280,991)
Cash paid to vendors	<u>(995,475)</u>
Net cash flows used by operating activities	<u>(3,244)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(35,781)
Extraordinary maintenance	(30,007)
Principal payments on long-term debt	(15,000)
Capital grant contributions	<u>15,000</u>
Net cash flows used by capital and related financing activities	<u>(65,788)</u>
Cash Flows from Investing Activities:	
Investment expense	(13,453)
Investment income	<u>1,758</u>
Net cash flows used by investing activities	<u>(11,695)</u>
Net decrease in cash	(80,727)
Cash and cash equivalents, beginning of year	<u>1,914,195</u>
Cash and cash equivalents, end of year	<u>\$ 1,833,468</u>
A reconciliation of cash and cash equivalents to Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 1,691,476
Restricted cash and cash equivalents	<u>141,992</u>
	<u>\$ 1,833,468</u>

See accompanying notes to financial statements.

BERKELEY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Operating loss	\$ (184,046)
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Adjustments to reconcile operating loss to net cash used by
operating activities:

Depreciation	128,448
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Bad debts	655
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Changes in assets and liabilities:

Accounts receivable - HUD	(265)
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Accounts receivable - tenants	(1,419)
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Accounts receivable - other	655
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Accounts payable	(8,025)
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Accrued expenses	(444)
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Accrued compensated absences	15,582
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Tenant security deposits	1,134
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Prepaid tenant rents	15,268
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Net pension liability	29,213
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Net cash used by operating activities	\$ <u>(3,244)</u>
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**BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the Township of Berkeley ("Berkeley Housing Authority" or "the Authority") is a public body corporate and politic of the State of New Jersey ("the State") created by the Township of Berkeley ("the Township") under Local Redevelopment and Housing Law (N.J.S.A 40A:12A-1, et seq) of the State. The Authority is responsible for operating certain low-rent housing programs in the Township under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

At December 31, 2015, the Authority maintained 70 federally funded public housing units and a leased housing program, which is authorized to provide housing assistance payments to approximately 25 families.

The Authority is governed by a board of seven members who serve five-year terms. The governing board is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's Board to manage the day-to-day operations of the Authority.

B. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Housing Choice Voucher Program

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Public and Indian Housing Program

The public housing program is designed to provide low-cost housing within the Township of Berkeley. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Public Housing Capital Fund Program

The capital fund program provides funds annually, via a formula, to public housing agencies for capital and management activities including modernization and development of public housing units.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

In accordance with Statement No. 61 of the Government Accounting Standards Board ("GASB"), the Authority's basic financial statements include those of the Berkeley Housing Authority and any component units. Component units are legally separate, tax-exempt organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

D. Basis of Accounting

The Authority's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, ("GASB 34"), as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplemental Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

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

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

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

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

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

Any investment income earned on these funds is reflected in the net position account on which the investment income was earned. Investment income earned on HAP cash balances is credited to the HAP restricted net position account and investment income earned on administrative fee cash balances is credited to the unrestricted net position account.

New Accounting Standards Adopted

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

E. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided, as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues as non-operating.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

New Jersey Authorities are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A: 5-15.1 provides a list of securities that may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. No governmental unit under GUDPA has ever lost protected deposits.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

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

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

G. Accounts Receivable

Rents are due from tenants on the first day of each month. As a result, tenants accounts receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason.

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

H. Prepaid Expenses

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

I. Taxes

The Authority is a governmental entity which is funded primarily by Federal sources and, as such, is exempt from income taxes and Federal unemployment taxes.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets, Net

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

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

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

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

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

K. Compensated Absences

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered.

Employees may be compensated for accrued vacation leave in the event of retirement or termination of service. Employees may be compensated for sick leave at retirement at the rate of three days for every five days accumulated, payable at the salary rate earned at the time of separation. Employees may only accumulate and carry over to the following year the prior year's unused vacation. The Authority's sick leave policy, in accordance with New Jersey State law, allows employees to carry over unused sick leave without penalty.

L. 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 Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Use of Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

N. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position — Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

O. Economic Dependency

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

P. Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically and all inter-program balances net to zero. Interprogram receivables and payables are eliminated for financial statement purposes, however they are reflected in the accompanying financial data schedule as required by HUD.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2. CASH AND CASH EQUIVALENTS

As of December 31, 2015, the Authority had funds on deposit in checking, statement savings and money market accounts.

For the fiscal year ended December 31, 2015, the carrying amount of the Authority's cash (including restricted cash) was and \$1,833,468 and the bank balance was \$1,838,150.

Of the bank balances, \$250,000 was covered by federal depository insurance and the remaining \$1,588,150 was collateralized with the pledging financial institution as of December 31, 2015.

<u>Cash Account</u>	<u>Amount</u>
Insured:	
FDIC	\$ 250,000
Collateralized:	
Collateralized amount held by pledging financial institution	<u>1,588,150</u>
	<u>\$ 1,838,150</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2015, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE

A. Accounts receivable - HUD

Accounts receivable - HUD represents amounts due to the Authority under the Capital Fund Program. At December 31, 2015, Accounts receivable - HUD amounted to \$2,483. The Authority considers these amounts fully collectible and accordingly, have made no allowance for doubtful accounts.

B. Accounts receivable - tenants, net

Accounts receivable - tenants represents amounts due for tenant rents and is shown net of an allowance for doubtful accounts of \$2,846 as of December 31, 2015.

C. Accounts receivable - other

Accounts receivable - other represents amounts due from various housing authorities for portable tenants participating in the Authority's housing choice voucher program.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4. RESTRICTED CASH

As of December 31, 2015, the Authority had restricted cash on deposit in checking, statement savings and money market accounts.

All bank deposits as of the financial statement dates are entirely insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA.

Restricted cash consists of the following at December 31, 2015.

<u>Cash Category</u>	<u>Amount</u>
Housing assistance payment reserves	\$ 1,725
Capital fund debt leveraging proceeds	298
Modernization and development reserves	<u>139,969</u>
	<u>\$ 141,992</u>

Housing assistance payment reserves are restricted for use only in the Housing Choice Voucher Program for tenant rents.

Capital fund debt leveraging proceeds are restricted for use in the Low Rent Public Housing Program in accordance with the Authority's annual plan.

Modernization and development reserves consist of funds earned in connection with the refunding of bonds originally issued in conjunction with the construction of the Section 8 New Construction Project administered by the Authority. The funds are restricted for use in the Low Rent Public Housing Program.

NOTE 5. CAPITAL ASSETS, NET

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2015:

<u>Description</u>	<u>December 31,</u> <u>2014</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>December 31,</u> <u>2015</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 31,000	\$ -	\$ -	\$ -	\$ 31,000
Construction in progress	<u>20,888</u>	<u>-</u>	<u>(20,888)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>51,888</u>	<u>-</u>	<u>(20,888)</u>	<u>-</u>	<u>31,000</u>
<u>Depreciable capital assets:</u>					
Buildings	4,574,546	28,547	-	-	4,603,093
Building improvements	549,180	-	-	-	549,180
Furniture and equipment	<u>143,883</u>	<u>7,234</u>	<u>-</u>	<u>-</u>	<u>151,117</u>
Subtotal	<u>5,267,609</u>	<u>35,781</u>	<u>-</u>	<u>-</u>	<u>5,303,390</u>
Total	<u>5,319,497</u>	<u>35,781</u>	<u>(20,888)</u>	<u>-</u>	<u>5,334,390</u>
Less: accumulated depreciation	<u>4,207,095</u>	<u>128,448</u>	<u>-</u>	<u>-</u>	<u>4,335,543</u>
Net capital assets	<u>\$ 1,112,402</u>	<u>\$ (92,667)</u>	<u>\$ (20,888)</u>	<u>\$ -</u>	<u>\$ 998,847</u>

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6. PAYMENTS IN LIEU OF TAXES (PILOT)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Township. Under the Cooperation agreement, the Authority must pay the Township the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended December 31, 2015, PILOT expense was accrued in the amount of \$7,664.

NOTE 7. COMPENSATED ABSENCES

Accrued compensated absences of \$105,375 as of December 31, 2015, represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy.

NOTE 8. NON-CURRENT LIABILITIES

During 2007, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2007 Series A with a face value of \$390,000 on August 2, 2007. The Authority's share of funds from the bond issue pool amounted to \$371,595. Interest accrues at 4.50% and is payable semi-annually on May 1st and November 1st. Repayment of the funds shall be paid solely from Capital Fund allocations received by the Authority from the Department of Housing and Urban Development.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	15,000	13,134	28,134
2017	20,000	12,386	32,386
2018	20,000	11,456	31,456
2019	20,000	10,456	30,456
2020	20,000	9,956	29,956
2021 - 2025	120,000	30,287	150,287
2026 - 2027	<u>60,000</u>	<u>2,972</u>	<u>62,972</u>
	<u>\$ 275,000</u>	<u>\$ 90,647</u>	<u>\$ 365,647</u>

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 8. NON-CURRENT LIABILITIES (continued)

Debt service activity for the year ended December 31, 2015 consisted of the following:

Description	December 31, 2014	Additions	Deductions	December 31, 2015	Due within one year
Capital fund revenue bonds	\$ 290,000	\$ -	\$ (15,000)	\$ 275,000	\$ 15,000
Accrued compensated abs	89,793	21,331	(5,749)	105,375	10,538
Accrued pension liability	<u>758,526</u>	<u>102,519</u>	<u>-</u>	<u>861,045</u>	<u>-</u>
Non-current liabilities	<u>\$ 1,138,319</u>	<u>\$ 123,850</u>	<u>\$ (20,749)</u>	<u>\$ 1,241,420</u>	<u>\$ 25,538</u>

NOTE 9. PENSION PLAN

A. Plan Description

The State of New Jersey, Public Employees Retirement System (PERS) is a cost-sharing multiple employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR), which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

B. Benefits

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers one and two before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month a member retires prior to the age at which a member can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9. PENSION PLAN (continued)

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by all active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on the actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

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

At December 31, 2015, the Authority reported a liability of \$861,045 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating local employers, actuarially determined. At June 30, 2015 the Authority's proportion was .0038 percent which was a decrease of (.0004) percent from its proportion measured at July 1, 2014.

For the year ended December 31, 2015, the Authority recognized pension expense of \$42,879. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 92,469	\$ -
Changes in Proportion	9,446	-
Differences between expected and actual experience	20,542	-
Net differences between actual and projected earnings on pension plan investments	-	13,844
Net differences between Proportionate Share and actual Contribution	\$ -	61,271
Total	<u>\$ 122,457</u>	<u>\$ 75,115</u>

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9. PENSION PLAN (continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	<u>Amount</u>
2016	\$ 6,948
2017	6,948
2018	6,947
2019	18,757
2020	<u>7,742</u>
	<u>\$ 47,342</u>

E. Actuarial Assumptions

The total pension liability calculated utilizing a June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability calculated utilizing a June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

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

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

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9. PENSION PLAN (continued)

F. Long-term expected rate of return

The long-term expected rate of return is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class includes the PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

G. Discount Rate

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

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9. PENSION PLAN (continued)

H. Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 4.90 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90 percent) or 1 percentage point higher (5.90 percent) than the current rate.

	1% Decrease (3.90%)	Discount Rate (4.90%)	1% Increase (5.90%)
Authority's proportionate share of the net pension liability	\$ <u>1,070,173</u>	\$ <u>861,045</u>	\$ <u>685,713</u>

NOTE 10. POST-RETIREMENT BENEFITS

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

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

A retiree may also receive Authority-paid health benefits in accordance with the Authority's personnel policy if they are sixty-two (62) years of age and have fifteen (15) or more years of service with the Authority.

A. Contribution Requirements – SHBP

Contributions to pay for the health premiums of participating employees in the SHBP – Local are collected from the State of New Jersey, participating local employers, active members, and retired members. Local employer payments and active and retired member contributions are generally received on a monthly basis.

Local group employees are not affected by the premium sharing provisions of Chapter 8, P.L. 1996. Chapter 2, P.L. 2010, effective May 21, 2010, requires a minimum contribution of 1.5% of base salary toward the cost of health care benefits coverage by all active public employees. Employees of the State, local governments, and boards of education who become a member of a State or locally-administered retirement system on or after the law's effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP.

**BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 10. POST-RETIREMENT BENEFITS (continued)

Chapter 78, P.L. 2011, effective June 28, 2011, established new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required. Under Chapter 78, certain future retirees eligible for employer-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

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

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. At December 31, 2015, the Authority had approximately 4 active and 0 retired participants in the system. The required contribution rate is determined on an annual pay as you go basis. There were no contributions made for retirees for the past three years.

NOTE 11. CHANGE IN ACCOUNTING PRINCIPLE

The Authority adopted the provisions of GASB Statement 68, *"Accounting and Financial Reporting for Pensions"* as amended by GASB Statement 71, *"Pension Transition for Contributions made Subsequent to the Measurement Date."* The provisions were effective for periods beginning after June 15, 2014. As of December 31, 2014, the Authority's net position has been reduced by \$803,511 to reflect a net pension liability of \$792,641, deferred outflows of resources of \$36,367 and deferred inflows of resources of \$47,237.

NOTE 12. RESTRICTED NET POSITION

As of December 31, 2015, restricted net position consisted of the following:

<u>Description</u>	<u>Amount</u>
Earnings from bond refunding	\$ 139,969
Capital fund debt leveraging proceeds	298
Housing assistance payments	<u>1,725</u>
Total restricted net position	<u>\$ 141,992</u>

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 12. RESTRICTED NET POSITION (continued)

Accumulated earnings in connection with the refunding of bonds originally issued in conjunction with the construction of the Section 8 New Construction Project are held in a separate bank account for the benefit of very low income households, including the improvement of the public housing developments known as Magnolia Gardens and Brian Apartments.

Capital fund debt leveraging proceeds are restricted for use in the Low Rent Public Housing Program in accordance with the Authority's annual plan.

Accumulating earnings in connection with the overpayment of housing assistance payments are restricted for rent payments to landlords as part of the housing choice voucher program.

NOTE 13. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft, damage, and destruction of assets; errors and omissions; and natural disasters. The Authority maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, crime coverage, personal property and general liability.

Settlement amounts have not exceeded insurance coverage for 2015, 2014, and 2013 except for deductibles.

NOTE 14. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2015, the Authority estimates that no material liabilities will result from such audits.

NOTE 15. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through August 1, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events occurred that would require disclosure in the notes to the financial statements.



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

To the Board of Commissioners
Berkeley Housing Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Berkeley Housing Authority, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Berkeley Housing Authority's basic financial statements, and have issued our report thereon dated August 1, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Berkeley Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fallon & Larsen LLP

August 1, 2016
Toms River, New Jersey



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
NEW JERSEY OMB CIRCULAR 15-08**

To the Board of Commissioners
Berkeley Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the Berkeley 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 each of the Berkeley Housing Authority's major federal programs for the year ended December 31, 2015. The Berkeley Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Berkeley Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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) and the State of New Jersey OMB Circular 15-08. 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 Berkeley Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
NEW JERSEY OMB CIRCULAR 15-08 (continued)**

Opinion on Each Major Federal Program

In our opinion, the Berkeley Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Berkeley 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 Berkeley Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Berkeley 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.

Fallon & Larsen LLP

August 1, 2016
Toms River, New Jersey

BERKELEY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period		Grant Award	Fiscal Year Cash Receipts	Fiscal Year Expenditures	Cumulative Expenditures
			From	To				
<u>U.S. Department of Housing and Urban Development</u>								
Public and Indian Housing (Low Rent Public Housing):								
NJ056-00000115D	14.850	N/A	1/1/15	12/31/15	<u>271,102</u>	<u>271,102</u>	<u>271,102</u>	<u>271,102</u>
Section 8 Housing Choice Voucher Program:								
NJ056-2FPH-2015	14.871	N/A	1/1/15	12/31/15	<u>262,730</u>	<u>262,730</u>	<u>446,181</u>	<u>446,181</u>
Public Housing Capital Fund Program:								
NJ39P056501-13	14.872	N/A	9/9/13	9/8/17	75,636	-	-	75,636
NJ39P056501-14	14.872	N/A	5/3/14	5/12/18	78,745	67,626	67,891	70,109
NJ39P056501-15	14.872	N/A	4/13/15	4/12/19	<u>80,503</u>	<u>8,925</u>	<u>8,925</u>	<u>8,925</u>
Grant Subtotal					<u>234,884</u>	<u>76,551</u>	<u>76,816</u>	<u>154,670</u>
Special Needs Assistance Program:								
NJ0361L2F101301	14.267	N/A	9/1/14	8/31/15	90,727	51,679	51,679	51,679
NJ0362L2F101301	14.267	N/A	11/1/14	10/31/15	101,705	54,659	54,659	54,659
NJ0361L2F101402	14.267	N/A	10/1/15	9/30/16	<u>135,592</u>	<u>27,276</u>	<u>27,276</u>	<u>36,860</u>
Grant Subtotal					<u>328,024</u>	<u>133,614</u>	<u>133,614</u>	<u>143,198</u>
Totals					<u>\$ 1,096,740</u>	<u>\$ 743,997</u>	<u>\$ 927,713</u>	<u>\$ 1,015,151</u>

BERKELEY HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Berkeley Housing Authority under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of operations of the Berkeley Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Berkeley Housing Authority

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The Authority has not elected to use the ten percent de minimus indirect cost rate allowed under the uniform guidance.

NOTE 3. SUBRECIPIENTS

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

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2015.

BERKELEY HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

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

	<u>501-13</u>	<u>501-14</u>	<u>501-15</u>	<u>Totals</u>
Budget	\$ <u>75,636</u>	\$ <u>78,745</u>	\$ <u>80,503</u>	\$ <u>234,884</u>
<u>Advances:</u>				
Cumulative through 12/31/14	\$ 75,636	\$ -	\$ -	\$ 75,636
Current Year	<u>-</u>	<u>67,626</u>	<u>8,925</u>	<u>76,551</u>
Cumulative through 12/31/15	<u>75,636</u>	<u>67,626</u>	<u>8,925</u>	<u>152,187</u>
<u>Costs:</u>				
Cumulative through 12/31/14	75,636	2,218	-	77,854
Current Year	<u>-</u>	<u>67,891</u>	<u>8,925</u>	<u>76,816</u>
Cumulative through 12/31/15	<u>75,636</u>	<u>70,109</u>	<u>8,925</u>	<u>154,670</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>(2,483)</u>	\$ <u>-</u>	\$ <u>(2,483)</u>

- 1) The total amount of Capital Fund Program Costs and Advances incurred and earned by the Berkeley Housing Authority as of December 31, 2015 are provided herein.
- 2) Capital Fund Grant No. NJ39P056501-13 with approved funding of \$75,636 has been fully drawn down and expended as per Capital Fund Grant Regulations.

**BERKELEY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2015**

I. Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

- | | | |
|----|--|------------|
| 1. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 2. | Auditee qualified as low-risk Auditee? | Yes |
| 3. | Type of auditor's report on compliance for major programs: | Unmodified |
| 4. | Internal Control over compliance: | |
| a. | Material weakness(es) identified? | No |
| b. | Were reportable conditions identified not considered to be material weaknesses? | No |
| c. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 5. | Identification of major programs: | |

CFDA Number

Name of Federal Program

14.850

Public and Indian Housing

BERKELEY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
DECEMBER 31, 2015

II. Financial Statement Findings

None.

III. Federal Award Findings and Questioned Costs

None.

IV. Schedule of Prior Year Audit Findings

None.

**BERKELEY HOUSING AUTHORITY
REQUIRED PENSION INFORMATION
DECEMBER 31, 2015**

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

	December 31, <u>2013</u>	December 31, <u>2014</u>	December 31, <u>2015</u>
Contractually required contribution	\$ 31,359	\$ 34,901	\$ 32,977
Contributions in relation to the contractually required contribution	<u>31,359</u>	<u>34,901</u>	<u>32,977</u>
(Over) / under funded	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority's covered-employee payroll	\$ <u>341,055</u>	\$ <u>300,798</u>	\$ <u>324,326</u>
Contributions as a percentage of covered- employee payroll	<u>9.19 %</u>	<u>11.60 %</u>	<u>10.17 %</u>

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

	December 31, <u>2013</u>	December 31, <u>2014</u>	December 31, <u>2015</u>
Authority's proportion of the net pension liability	<u>0.0143 %</u>	<u>0.0042 %</u>	<u>0.0038 %</u>
Authority's proportionate share of the net pension liability	\$ <u>795,420</u>	\$ <u>792,641</u>	\$ <u>861,045</u>
Authority's covered-employee payroll	\$ <u>341,055</u>	\$ <u>300,798</u>	\$ <u>324,326</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	<u>233.22 %</u>	<u>263.51 %</u>	<u>265.49 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>48.72 %</u>	<u>52.08 %</u>	<u>47.93 %</u>

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

Berkeley Housing Authority											
NJ056											
Financial Data Schedule (FDS)											
December 31, 2015											
Line Item #			Account Description	Projects	Housing Choice Vouchers	N/C S/R Section 8 Programs	Special Needs Assistance Program	Total			
			ASSETS:								
			CURRENT ASSETS								
			Cash								
111			Cash - unrestricted	\$ 1,443,030	\$ 205,526	\$ -	\$ 9,584	\$ 1,658,140			
112			Cash - restricted - modernization and development	-	-	-	-	-			
113			Cash - other restricted	140,267	1,725	-	-	141,992			
114			Cash - tenant security deposits	33,336	-	-	-	33,336			
115			Cash - restricted for payment of current liabilities	-	-	-	-	-			
100			Total cash	1,616,633	207,251	-	9,584	1,833,468			
			Accounts and notes receivables								
121			Accounts receivable - PHA projects	-	-	-	-	-			
122			Accounts receivable - HUD other projects	2,483	-	-	-	2,483			
124			Accounts receivable - other government	-	1,594	-	-	1,594			
125			Accounts receivable - miscellaneous	-	-	-	-	-			
126			Accounts receivable- tenants	4,188	-	-	-	4,188			
126.1			Allowance for doubtful accounts - tenants	(2,094)	-	-	-	(2,094)			
126.2			Allowance for doubtful accounts - other	-	-	-	-	-			
127			Notes and mortgages receivable- current	-	-	-	-	-			
128			Fraud recovery	1,503	-	-	-	1,503			
128.1			Allowance for doubtful accounts - fraud	(752)	-	-	-	(752)			
129			Accrued interest receivable	-	-	-	-	-			
120			Total receivables, net of allowances for doubtful accounts	5,328	1,594	-	-	6,922			
			Current investments								
131			Investments - unrestricted	-	-	-	-	-			
132			Investments - restricted	-	-	-	-	-			
135			Investments - restricted for payment of current liability	-	-	-	-	-			
142			Prepaid expenses and other assets	-	-	-	-	-			
143			Inventories	-	-	-	-	-			
143.1			Allowance for obsolete inventories	-	-	-	-	-			
144			Interprogram - due from	-	-	-	-	-			
145			Assets held for sale	-	-	-	-	-			
150			TOTAL CURRENT ASSETS	1,621,961	208,845	-	9,584	1,840,390			
			NONCURRENT ASSETS:								
			Fixed assets:								
161			Land	31,000	-	-	-	31,000			
162			Buildings	4,595,434	-	-	-	4,595,434			
163			Furniture, equipment & machinery - dwellings	-	-	-	-	-			
164			Furniture, equipment & machinery - administration	158,776	-	-	-	158,776			
165			Leasehold improvements	549,180	-	-	-	549,180			
166			Accumulated depreciation	(4,335,543)	-	-	-	(4,335,543)			
167			Construction in Progress	-	-	-	-	-			
168			Infrastructure	-	-	-	-	-			
160			Total fixed assets, net of accumulated depreciation	998,847	-	-	-	998,847			
			Other non-current assets								
171			Notes and mortgages receivable - non-current	-	-	-	-	-			
172			Notes and mortgages receivable-non-current - past due	-	-	-	-	-			
174			Other assets	-	-	-	-	-			
175			Undistributed debits	-	-	-	-	-			
176			Investment in joint ventures	-	-	-	-	-			
180			TOTAL NONCURRENT ASSETS	998,847	-	-	-	998,847			
200			Deferred Outflow of Resources	75,882	46,575			122,457			
290			TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 2,696,690	\$ 255,420	\$ -	\$ 9,584	\$ 2,961,694			

Berkeley Housing Authority											
NJ056											
Financial Data Schedule (FDS)											
December 31, 2015											
Line Item #					Account Description	Projects	Housing Choice Vouchers	N/C S/R Section 8 Programs	Special Needs Assistance Program	Total	
					LIABILITIES AND EQUITY:						
					Liabilities						
					Current Liabilities						
311					Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	
312					Accounts payable ≤ 90 days	22,311	-	-	-	22,311	
313					Accounts payable > 90 days past due	-	-	-	-	-	
321					Accrued wage/payroll taxes payable	2,956	-	-	-	2,956	
322					Accrued compensated absences - current portion	10,538	-	-	-	10,538	
324					Accrued contingency liability	-	-	-	-	-	
325					Accrued interest payable	-	-	-	-	-	
331					Accounts payable - HUD PHA programs	-	-	-	-	-	
332					Accounts payable - PHA projects	-	-	-	-	-	
333					Accounts payable - other government	7,664	-	-	-	7,664	
341					Tenant security deposits	33,336	-	-	-	33,336	
342					Deferred revenue	6,845	-	-	9,584	16,429	
343					Current portion of L-T debt - capital projects	15,000	-	-	-	15,000	
344					Current portion of L-T debt - operating borrowings	-	-	-	-	-	
345					Other current liabilities	-	-	-	-	-	
346					Accrued liabilities - other	-	-	-	-	-	
347					Interprogram - due to	-	-	-	-	-	
310					TOTAL CURRENT LIABILITIES	98,650	-	-	9,584	108,234	
					NONCURRENT LIABILITIES						
351					Long-term debt, net of current - capital projects	260,000	-	-	-	260,000	
352					Long-term debt, net of current - operating borrowings	-	-	-	-	-	
353					Non-current liabilities- other	-	-	-	-	-	
354					Accrued compensated absences - noncurrent	94,837	-	-	-	94,837	
355					Loan Liability - Non Current	-	-	-	-	-	
356					FASB 5 Liabilities	-	-	-	-	-	
357					Accrued pension and OPEB liabilities	533,549	327,496	-	-	861,045	
350					TOTAL NONCURRENT LIABILITIES	888,386	327,496	-	-	1,215,882	
300					TOTAL LIABILITIES	987,036	327,496	-	9,584	1,324,116	
400					Deferred Inflow of Resources	46,548	28,567	-	-	75,115	
					EQUITY:						
508.1					Invested in Capital Assets, Net of Related Debt	723,847	-	-	-	723,847	
511.1					Restricted Net Assets	140,267	1,725	-	-	141,992	
512.1					Unrestricted Net Assets	798,992	(102,368)	-	-	696,624	
513					TOTAL EQUITY	1,663,106	(100,643)	-	-	1,562,463	
600					TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 2,696,690	\$ 255,420	\$ -	\$ 9,584	\$ 2,961,694	
					Proof of concept	-	-	-	-	-	

Berkeley Housing Authority							
NJ056							
Financial Data Schedule (FDS)							
December 31, 2015							
Line Item #	Account Description	Operating Fund Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Special Needs Assistance Program	Total
REVENUE:							
70300	Net tenant rental revenue	\$ 305,292	\$ -	\$ -	\$ -	\$ -	\$ 305,292
70400	Tenant revenue - other	16,040	-	-	-	-	16,040
70500	Total tenant revenue	321,332	-	-	-	-	321,332
70600	HUD PHA grants	271,102	61,816	262,730	-	133,614	729,262
70610	Capital grants	-	15,000	-	-	-	15,000
70800	Other government grants	-	-	-	-	-	-
71100	Investment income - unrestricted	1,495	-	261	-	2	1,758
71200	Mortgage interest income	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	2,900	-	1,819	-	-	4,719
71500	Other revenue	19,437	-	182,444	-	-	201,881
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-
70000	TOTAL REVENUE	616,266	76,816	447,254	-	133,616	1,273,952
EXPENSES:							
Administrative							
91100	Administrative salaries	102,322	7,874	24,000	-	9,443	143,639
91200	Auditing fees	7,180	-	500	-	-	7,680
91300	Outside management fees	-	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-
91500	Employee benefit contributions- administrative	48,106	-	8,676	-	3,147	59,929
91600	Office expenses	25,521	-	3,600	-	-	29,121
91700	Legal expenses	13,405	-	1,200	-	-	14,605
91800	Travel	75	2,689	-	-	-	2,764
91810	Allocated overhead	-	-	-	-	-	-
91900	Other	17,425	5,633	2,400	-	-	25,458
92000	Asset Management Fee	-	-	-	-	-	-
Tenant services							
92100	Tenant services - salaries	10,000	-	-	-	-	10,000
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	4,492	-	-	-	-	4,492
92400	Tenant services - other	-	-	-	-	-	-
Utilities							
93100	Water	33,109	-	-	-	-	33,109
93200	Electricity	42,374	-	-	-	-	42,374
93300	Gas	39,194	-	-	-	-	39,194
93400	Fuel	-	-	-	-	-	-
93500	Labor	72,298	-	-	-	-	72,298
93600	Sewer	24,424	-	-	-	-	24,424
93700	Employee benefit contributions- utilities	29,198	-	-	-	-	29,198
93800	Other utilities expense	-	-	-	-	-	-
Ordinary maintenance & operation							
94100	Ordinary maintenance and operations - labor	83,213	6,000	-	-	-	89,213
94200	Ordinary maintenance and operations - materials & other	25,806	-	-	-	-	25,806
94300	Ordinary maintenance and operations - contract costs	23,543	18,294	-	-	-	41,837
94500	Employee benefit contributions- ordinary maintenance	33,690	-	-	-	-	33,690
Protective services							
95100	Protective services - labor	-	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-

Berkeley Housing Authority							
NJ056							
Financial Data Schedule (FDS)							
December 31, 2015							
Line Item #	Account Description	Operating Fund Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Special Needs Assistance Program	Total
	General expenses						
96100	Insurance premiums	33,229	-	2,400	-	-	35,629
96200	Other general expenses	-	-	-	-	-	-
96210	Compensated absences	15,582	-	-	-	-	15,582
96300	Payments in lieu of taxes	7,664	-	-	-	-	7,664
96400	Bad debt - tenant rents	655	-	-	-	-	655
96500	Bad debt- mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96710	Interest of mortgage (or bonds) payable	13,453	-	-	-	-	13,453
96730	Amortization of bond issue costs	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96900	TOTAL OPERATING EXPENSES	705,958	40,490	42,776	-	12,590	801,814
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(89,692)	36,326	404,478	-	121,026	472,138
97100	Extraordinary maintenance	30,007	-	-	-	-	30,007
97200	Casualty losses - non capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	236,488	-	121,026	357,514
97350	HAP Portability - in	-	-	166,917	-	-	166,917
97400	Depreciation expense	128,448	-	-	-	-	128,448
97500	Fraud losses	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
90000	TOTAL EXPENSES	864,413	40,490	446,181	-	133,616	1,484,700
OTHER FINANCING SOURCES (USES)							
10010	Operating transfers in	21,326	-	-	-	-	21,326
10020	Operating transfers out	-	(21,326)	-	-	-	(21,326)
10030	Operating transfers from/to primary government	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	-
10091	Inter Project excess cash transfer in	-	-	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-	-	-
10093	Transfers between program and project in	-	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	21,326	(21,326)	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(226,821)	15,000	1,073	-	-	(210,748)
MEMO ACCOUNT INFORMATION:							
11020	Required annual debt principal payments	15,000	-	-	-	-	15,000
11030	Beginning equity	2,373,826	-	52,808	151,088	-	2,576,722
11040	Prior period adjustments and equity transfers	(497,899)	-	(154,524)	(151,088)	-	(803,511)
11170	Administrative fee equity	-	-	(102,368)	-	-	(102,368)
11180	Housing assistance payments equity	-	-	1,725	-	-	1,725
11190	Unit months available	840	-	300	-	-	1,140
11210	Number of unit months leased	832	-	295	-	-	1,127
Equity Roll Forward Test							
	Calculation from R/E Statement	\$ 1,663,106	\$ -	\$ (100,643)	\$ -	\$ -	\$ 1,562,463
	B/S Line 513	\$ 1,663,106	\$ -	\$ (100,643)	\$ -	\$ -	\$ 1,562,463
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -