

**BERKELEY HOUSING AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**BERKELEY HOUSING AUTHORITY  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10
Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses, and Changes in Net Position	12
Statements of Cash Flows	13-14
Notes to Financial Statements	15-29
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	30-31
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	32-34
Supplemental Information:	
Schedule of Expenditures of Federal Awards	35
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37-38
Statement of Capital Fund Program Costs and Advances	39
Financial Data Schedule	40-43



## INDEPENDENT AUDITORS' 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 years ended December 31, 2013 and 2012 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 audits. We conducted our audits 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 audits 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, 2013 and 2012 and the respective changes in financial position and cash flows for the years 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 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 audits 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 audits were conducted for the purpose of forming opinions 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 Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of capital fund program costs and advances and the financial data schedule are also not required parts of the financial statements and are presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards, schedule of capital fund program costs and advances and the financial data schedule are the responsibility of management and were 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 of expenditures of federal awards, schedule of capital fund program costs and advances and the financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 14, 2014 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.

May 14, 2014  
Toms River, New Jersey

*Fallon & Larsen LLP*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BERKELEY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT DECEMBER 31, 2013**

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, 2013. 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 of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,604,863 (net position) as opposed to \$1,754,526 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 \$440,990.
3. The Authority's cash and cash equivalent balance (including restricted cash) at December 31, 2013 was \$841,823 representing a decrease of \$39,529 from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$2,096,643 and Total Operating Expenses of \$2,234,233 for the year ended December 31, 2013.
5. The Authority's capital outlays for the fiscal year were \$6,850.
6. The Authority's Expenditures of Federal Awards amounted to \$1,732,023 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, 2013**

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 Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows.

The Statements of Net Position present information on all the Authority's assets and liabilities, 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 Statements of Revenues, Expenses and Changes in Net Position present 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 Statements 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 11 through 14 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, 2013**

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 U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. The Schedule of Expenditures of Federal Awards can be found on page 35 of this report.

C. The Authority as a Whole

The Authority's net position weakened 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.

By far, the largest portion of 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, 2013**

Computations of Net Position are as follows:

As of

	<u>12/31/13</u>	<u>12/31/12</u>
Cash and Other Assets	\$ 862,899	\$ 899,737
Capital Assets – Net	<u>1,215,939</u>	<u>1,344,607</u>
Total Assets	2,078,838	2,244,344
Less: Total Liabilities	<u>473,975</u>	<u>489,818</u>
Net Position	<u>1,604,863</u>	<u>1,754,526</u>
Invested in Capital Assets, Net	910,939	1,024,607
Restricted Net Position	252,934	290,172
Unrestricted Net Position	<u>440,990</u>	<u>439,747</u>
Total Net Position	<u>\$ 1,604,863</u>	<u>\$ 1,754,526</u>
Computations of Changes in Net Position are as follows:	Years Ended	
	<u>12/31/13</u>	<u>12/31/12</u>
<u>Revenues</u>		
Tenant Revenues	\$ 312,181	\$ 318,817
HUD Subsidies	1,600,289	1,596,722
Other Revenues	<u>184,173</u>	<u>87,319</u>
Total Operating Revenues	<u>2,096,943</u>	<u>2,002,858</u>
<u>Expenses</u>		
Other Operating Expenses	775,750	789,852
Housing Assistance Payments	1,322,765	1,278,871
Depreciation Expense	<u>135,518</u>	<u>135,954</u>
Total Operating Expenses	<u>2,234,233</u>	<u>2,204,677</u>
Excess (Deficiency) of Operating Expenses Over Revenue	(137,590)	(201,819)
<u>Non-Operating Revenues (Expenses)</u>		
Extraordinary Maintenance	(18,252)	(14,000)
Interest Expense	(15,690)	(15,612)
Interest on Investments	<u>19</u>	<u>21</u>
Deficiency of Expenses over Revenue before Capital Grants Received	(171,513)	(231,410)
HUD Capital Grants	<u>21,850</u>	<u>18,800</u>
Excess of Expenses over Revenue	(149,663)	(212,610)
Net Position – Beginning of Year	<u>1,754,526</u>	<u>1,967,136</u>
Net Position – End of Year	<u>\$ 1,604,863</u>	<u>\$ 1,754,526</u>

**BERKELEY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT DECEMBER 31, 2013**

C. The Authority as a Whole (continued)

- Capital Assets – Net decreased \$128,668 primarily due to depreciation expense of \$135,518 exceeding capital purchases of \$6,850 for the fiscal year.
- Cash - Restricted decreased \$37,238 as HUD required the Authority to utilize \$17,838 of housing assistance payment reserves for tenant rents and the Authority also utilized \$19,401 of modernization and development reserves for current year operations.
- Long-term debt decreased from \$320,000 to \$305,000 or by \$15,000 as the Authority utilized their capital funds to pay annual debt service due on capital fund leveraging bonds.
- Utilities expenses decreased \$12,429 or primarily due to a reduced allocation of salaries and benefits.
- Housing assistance payments increased by \$43,894 primarily due to port-in expenses increasing \$15,324 in the Housing Choice Voucher Program and housing assistance payments increasing \$20,770 in the Section 8 New Construction program due to an increase in monthly payments.

D. Budgetary Highlights

For the year ended December 31, 2013, 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 excess of expenses over revenues, the Authority's net position decreased during the fiscal year.

**BERKELEY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT DECEMBER 31, 2013**

E. Capital Assets and Debt Administration

1. Capital Assets

As of December 31, 2013, the Authority's investment in capital assets for its Proprietary Fund was \$1,215,939. 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 \$6,850 and pertained to expenditures made in accordance with the Authority's Capital Fund Program. These activities are funded by grants from HUD.

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, 2013**

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, 2014:

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 \$440,990 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  
STATEMENTS OF NET POSITION  
AS OF DECEMBER 31, 2013 AND 2012**

ASSETS		
	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 588,889	\$ 591,180
Accounts receivable - HUD	19,709	14,718
Account receivable - tenants, net	<u>1,367</u>	<u>3,667</u>
Total current assets	<u>609,965</u>	<u>609,565</u>
Non-current assets		
Restricted cash and cash equivalents	252,934	290,172
Capital assets, net	<u>1,215,939</u>	<u>1,344,607</u>
Total non-current assets	<u>1,468,873</u>	<u>1,634,779</u>
Total assets	<u>\$ 2,078,838</u>	<u>\$ 2,244,344</u>
LIABILITIES		
Current liabilities:		
Accounts payable	35,824	34,013
Accrued wages and payroll taxes	2,162	2,499
Accrued compensated absences	60,982	45,392
Tenant security deposits	32,468	31,084
Prepaid tenant rents	4,866	778
Current portion of long term debt	<u>15,000</u>	<u>15,000</u>
Total current liabilities	<u>151,302</u>	<u>128,766</u>
Non-current liabilities:		
Accrued compensated absences, net of current portion	32,673	56,052
Long term debt, net of current portion	<u>290,000</u>	<u>305,000</u>
Total non-current liabilities	<u>322,673</u>	<u>361,052</u>
Total liabilities	<u>473,975</u>	<u>489,818</u>
NET POSITION		
Net position:		
Net investment in capital assets	910,939	1,024,607
Restricted	252,934	290,172
Unrestricted	<u>440,990</u>	<u>439,747</u>
Total net position	<u>\$ 1,604,863</u>	<u>\$ 1,754,526</u>

See accompanying notes to financial statements.

**BERKELEY HOUSING AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Tenant revenue	\$ 312,181	\$ 318,817
HUD grants	1,600,289	1,596,722
Other revenues	<u>184,173</u>	<u>87,319</u>
Total operating revenues	<u>2,096,643</u>	<u>2,002,858</u>
Operating expenses:		
Administrative	279,908	278,744
Tenant services	15,069	15,946
Utilities	241,591	254,020
Ordinary maintenance and operations	201,757	197,309
Insurance expense	29,300	31,307
General expenses	8,325	12,526
Housing assistance payments	1,322,765	1,278,871
Depreciation	<u>135,518</u>	<u>135,954</u>
Total operating expenses	<u>2,234,233</u>	<u>2,204,677</u>
Operating gain (loss)	<u>(137,590)</u>	<u>(201,819)</u>
Non-operating revenue (expense):		
Investment income	19	21
Interest expense	(15,690)	(15,612)
Extraordinary maintenance	<u>(18,252)</u>	<u>(14,000)</u>
Net non-operating revenue (expense)	<u>(33,923)</u>	<u>(29,591)</u>
Income (loss) before capital grants	(171,513)	(231,410)
Capital grants	<u>21,850</u>	<u>18,800</u>
Change in net position	(149,663)	(212,610)
Net position, beginning of year	<u>1,754,526</u>	<u>1,967,136</u>
Net position, end of year	<u>\$ 1,604,863</u>	<u>\$ 1,754,526</u>

See accompanying notes to financial statements.



**BERKELEY HOUSING AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Cash received from tenants	\$ 500,038	\$ 406,297
Cash received from grantors	1,599,386	1,598,817
Cash paid to employees	(349,181)	(327,169)
Cash paid to suppliers	<u>(1,755,849)</u>	<u>(1,704,671)</u>
Net cash flows provided (used) by operating activities	<u>(5,606)</u>	<u>(26,726)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(6,850)	(7,659)
Extraordinary maintenance	(18,252)	(14,000)
Principal payments on long-term debt	(15,000)	(15,000)
Capital grant contributions	<u>21,850</u>	<u>18,800</u>
Net cash flows provided (used) by capital and related financing activities	<u>(18,252)</u>	<u>(17,859)</u>
Cash Flows from Investing Activities:		
Investment expense	(15,690)	(15,612)
Investment income	<u>19</u>	<u>21</u>
Net cash flows provided (used) by investing activities	<u>(15,671)</u>	<u>(15,591)</u>
Net increase (decrease) in cash	(39,529)	(60,176)
Cash and cash equivalents, beginning of year	<u>881,352</u>	<u>941,528</u>
Cash and cash equivalents, end of year	<u>\$ 841,823</u>	<u>\$ 881,352</u>
	<u>2013</u>	<u>2012</u>
A reconciliation of cash and cash equivalents to Statements of Net Position is as follows:		
Cash and cash equivalents	\$ 588,889	\$ 591,180
Restricted cash and cash equivalents	<u>252,934</u>	<u>290,172</u>
	<u>\$ 841,823</u>	<u>\$ 881,352</u>

See accompanying notes to financial statements.

**BERKELEY HOUSING AUTHORITY**  
**STATEMENTS OF CASH FLOWS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Reconciliation of operating gain ( loss) to net cash provided (used) by operating activities:		
Operating loss	\$ (137,590)	\$ (201,819)
Items which did not use cash:		
Depreciation	135,518	135,954
Bad debts	1,362	2,003
Working capital changes which provided (used) cash:		
Accounts receivable - HUD	(4,991)	1,920
Accounts receivable - tenants	938	(2,210)
Accounts receivable - other	-	1,041
Prepaid expenses	-	24,141
Accounts payable	1,811	5,601
Accrued expenses	(337)	202
Accrued compensated absences	(7,789)	4,606
Tenant security deposits	1,384	1,660
Prepaid tenant rents	<u>4,088</u>	<u>175</u>
Net cash provided (used) by operating activities	<u>\$ (5,606)</u>	<u>\$ (26,726)</u>

See accompanying notes to financial statements.

**BERKELEY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Housing Authority of the Township of Berkeley ("Berkeley Housing Authority") (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, 2013, the Authority maintained 70 federally funded public housing units, a leased housing program, which is authorized to provide housing assistance payments to approximately 25 families and a Section 8 New Construction Program which provides housing to 100 families through a private landlord.

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.

Low Rent Public 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 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Description of Programs (continued)**

Section 8 New Construction Substantial Rehabilitation Program

The Section 8 New Construction and Substantial Rehabilitation program allows for the construction, purchase and rehabilitation of low-income housing units to be subsidized for a contracted period of time. Both for profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied. The Authority administers the program for HUD in conjunction with a not-for-profit landlord that owns the contracted units.

**C. Reporting Entity**

In accordance with Statement No. 39 of the Government Accounting Standards Board (“GASB”), the Authority’s basic financial statements include those of the Housing Authority of the Township of Berkeley and any component units. Component units are legally separate, tax-exempt organizations that meet all of the following criteria:

1. The economic resources received by the separate organization are almost entirely for the direct benefit of the Authority.
2. The Authority has the ability to access a majority of the economic resources held by the separate organization.
3. The economic resources referred to in No. 2 are significant to the Authority.

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.

**BERKELEY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting (continued)**

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities that use Proprietary Fund Accounting*, the Authority has elected to apply all Financial Accounting Standards Board pronouncements, Accounting Principle Board Opinions and Accounting Research Bulletins issued that do not conflict with or contradict GASB pronouncements.

On January 30, 2008, HUD issued *PIH Notice 2008-9* which among other things clarifies HUD's reporting position that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net assets, 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.

**E. 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 and liabilities, 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.

**BERKELEY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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.

**BERKELEY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. 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.

**J. 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.

**K. 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 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. 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.

**M. 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.”

**N. Economic Dependency**

The Section 8 and Low Rent Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD.

**O. 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. In accordance with GASB Statement No. 34, interprogram receivables and payables are eliminated for financial statement purposes, however they are reflected in the accompanying financial data schedule as required by HUD.

**NOTE 2. CASH AND CASH EQUIVALENTS**

As of December 31, 2013 and 2012, the Authority had funds on deposit in checking, statement savings and money market accounts.

For the fiscal years ended December 31, 2013 and 2012, the carrying amount of the Authority's cash (including restricted cash) was and \$841,823 and \$881,352 the bank balances were \$842,217 and \$886,059, respectively.



**BERKELEY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2. CASH AND CASH EQUIVALENTS (continued)**

Of the bank balances, \$250,000 and \$250,000 were covered by federal depository insurance and the remaining \$592,217 and \$636,059 were collateralized with the pledging financial institution for the fiscal years ended December 31, 2013 and 2012, respectively.

<u>Cash Account</u>	<u>2013</u>	<u>2012</u>
Insured:		
FDIC	\$ 250,000	\$ 250,000
Collateralized:		
Collateralized amount held by pledging financial institution	<u>592,217</u>	<u>636,059</u>
	<u>\$ 842,217</u>	<u>\$ 886,059</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, 2013 and 2012, the Authority's bank balances were not exposed to custodial credit risk.

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable - HUD

Accounts receivable - HUD represents amounts due to the Authority under the Capital Fund Program. At December 31, 2013 and 2012, Accounts receivable - HUD amounted to \$19,709 and \$14,718, respectively. The Authority considers these amounts fully collectible and accordingly, have made no allowance for doubtful accounts.

Accounts receivable - tenants

Accounts receivable - tenants represents amounts due for tenant rents and is shown net of an allowance for doubtful accounts of \$1,365 and \$3,667 for the years ended December 31, 2013 and 2012, respectively.

**NOTE 4. RESTRICTED CASH**

As of December 31, 2013 and 2012, 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.

**BERKELEY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 4. RESTRICTED CASH (continued)**

Restricted cash consists of the following at December 31, 2013 and 2012

<u>Cash Category</u>	<u>2013</u>	<u>2012</u>
Housing assistance payment reserves	\$ 53,767	\$ 71,605
Capital fund debt leveraging proceeds	187	186
Modernization and development reserves	<u>198,980</u>	<u>218,381</u>
	<u>\$ 252,934</u>	<u>\$ 290,172</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 years ended December 31, 2013 and 2012:

<u>Description</u>	<u>December 31,</u> <u>2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>December 31,</u> <u>2013</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 31,000	\$ -	\$ -	\$ -	\$ 31,000
Construction in progress	<u>12,301</u>	<u>6,850</u>	<u>-</u>	<u>(12,301)</u>	<u>6,850</u>
Total	<u>43,301</u>	<u>6,850</u>	<u>-</u>	<u>(12,301)</u>	<u>37,850</u>
<u>Depreciable capital assets:</u>					
Buildings	4,562,245	-	-	12,301	4,574,546
Leasehold improvements	542,330	-	-	-	542,330
Furniture and equipment	<u>143,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,883</u>
Total	<u>5,248,458</u>	<u>-</u>	<u>-</u>	<u>12,301</u>	<u>5,260,759</u>
Less: accumulated depreciation	<u>3,947,152</u>	<u>135,518</u>	<u>-</u>	<u>-</u>	<u>4,082,670</u>
Net capital assets	<u>\$ 1,344,607</u>	<u>\$(128,668)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,215,939</u>

**BERKELEY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 5. CAPITAL ASSETS, NET (continued)**

A summary of the changes in capital assets during the year December 30, 2012 were as follows:

Description	December 31, 2011	Additions	Dispositions	Transfers	December 31, 2012
<u>Non-depreciable capital assets:</u>					
Land	\$ 31,000	\$ -	\$ -	\$ -	\$ 31,000
Construction in progress	<u>12,301</u>	<u>3,800</u>	<u>-</u>	<u>(3,800)</u>	<u>12,301</u>
Total	<u>43,301</u>	<u>3,800</u>	<u>-</u>	<u>(3,800)</u>	<u>43,301</u>
<u>Depreciable capital assets:</u>					
Buildings	4,562,245	-	-	-	4,562,245
Leasehold improvements	542,330	-	-	-	542,330
Furniture and equipment	<u>136,224</u>	<u>3,859</u>	<u>-</u>	<u>3,800</u>	<u>143,883</u>
Total	<u>5,240,799</u>	<u>3,859</u>	<u>-</u>	<u>3,800</u>	<u>5,248,458</u>
Less: accumulated depreciation	<u>3,811,198</u>	<u>135,954</u>	<u>-</u>	<u>-</u>	<u>3,947,152</u>
Net capital assets	<u>\$ 1,472,902</u>	<u>\$ (128,295)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,344,607</u>

**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 years ended December 31, 2013 and 2012, PILOT expense was accrued in the amount of \$6,754 and \$5,917, respectively.

**NOTE 7. COMPENSATED ABSENCES**

Accrued compensated absences of \$93,655 and \$101,444 as of December 31, 2013 and 2012, represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy.

**BERKELEY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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:

Year	Principal	Interest	Total
2014	15,000	14,394	29,394
2015	15,000	13,767	28,767
2016	15,000	13,134	28,134
2017	20,000	12,386	32,386
2018	20,000	11,456	31,456
2019 - 2023	110,000	41,780	151,780
2024 - 2027	<u>110,000</u>	<u>11,391</u>	<u>121,391</u>
	<u>\$ 305,000</u>	<u>\$ 118,308</u>	<u>\$ 423,308</u>

Debt service activity for the years ended December 31, 2013 and 2012 consisted of the following:

Description	December 31, 2012	Additions	Deductions	December 31, 2013	Due within one year
Capital fund revenue bonds	\$ 320,000	\$ -	\$ (15,000)	\$ 305,000	\$ 15,000
Accrued compensated absences	<u>101,444</u>	<u>22,164</u>	<u>(29,953)</u>	<u>93,655</u>	<u>60,982</u>
Non-current liabilities	<u>\$ 421,444</u>	<u>\$ 22,164</u>	<u>\$ (44,953)</u>	<u>\$ 398,655</u>	<u>\$ 75,982</u>

  

Description	December 31, 2011	Additions	Deductions	December 31, 2012	Due within one year
Capital fund revenue bonds	\$ 335,000	\$ -	\$ (15,000)	\$ 320,000	\$ 15,000
Accrued compensated absences	<u>96,838</u>	<u>19,115</u>	<u>(14,509)</u>	<u>101,444</u>	<u>45,392</u>
Non-current liabilities	<u>\$ 431,838</u>	<u>\$ 19,115</u>	<u>\$ (29,509)</u>	<u>\$ 421,444</u>	<u>\$ 60,392</u>

**BERKELEY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9. PENSION PLAN**

**A. Description of the Plan**

All employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**B. Public Employees Retirement System ("PERS")**

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. Medical benefits are now provided by the State Health Benefits Program.

**C. Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**BERKELEY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9. PENSION PLAN (continued)**

**D. Contribution Requirements – PERS**

The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. The full normal employee contribution rate became 5.5% of annual compensation, effective July 1, 2007 for most PERS state employees and effective July 1, 2008 for PERS local employees, based on Chapter 103, P.L. 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year. For fiscal year 2012, the member contribution rate increased in October 2011. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and non-contributory death benefits.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers to contribute 50% of the normal and accrued liability contribution amounts certified by PERS for payment due in State fiscal year 2009. This law also provided that a local employer may pay 100% of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS 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 State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2011	\$ <u>30,161</u>	<u>100</u>	\$ <u>-</u>
December 31, 2012	\$ <u>30,453</u>	<u>100</u>	\$ <u>-</u>
December 31, 2013	\$ <u>31,093</u>	<u>100</u>	\$ <u>-</u>

**NOTE 10. POST-RETIREMENT BENEFITS**

The Authority participates 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.

**BERKELEY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10. POST-RETIREMENT BENEFITS (continued)**

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.

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.

**BERKELEY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 10. POST-RETIREMENT BENEFITS (continued)**

**A. Contribution Requirements – SHBP (continued)**

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, 2013, 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. RESTRICTED NET POSITION**

As of December 31, 2013 and 2012, restricted net assets consisted of the following:

	<u>2013</u>	<u>2012</u>
Earnings from bond refunding	\$ 198,980	\$ 218,381
Capital fund debt leveraging proceeds	187	186
Housing assistance payments	<u>53,767</u>	<u>71,605</u>
Total restricted net assets	<u>\$ 252,934</u>	<u>\$ 290,172</u>

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 12. 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 2013, 2012, and 2011 except for deductibles.



**BERKELEY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 13. 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, 2013, the Authority estimates that no material liabilities will result from such audits.

**NOTE 14. 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 May 14, 2014 (the date the financial statements were available to be issued) and noted the following:

- On May 1, 2014, the Authority was notified that their contract as the Traditional Contract Administrator of the Bayville Senior Citizens Project will expire as of July 18, 2014 and not be renewed.



**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, 2013, 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 May 14, 2014.

**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.

May 14, 2014  
Toms River, New Jersey

*Fallon & Larsen LLP*



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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 Circular A-133 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, 2013. 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (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, 2013.

**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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)**

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the Berkeley Housing Authority as of and for the year ended December 31, 2013, and have issued our report thereon dated May 14, 2014, which contained an unmodified opinion on those financial statements. Our audit was 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 purposes of additional analysis as required by OMB Circular A-133 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

May 14, 2014  
Toms River, New Jersey

*Fallon & Larsen LLP*

**BERKELEY HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal and State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Section 8 New Construction / Substantial Rehabilitation Program	14.182	\$ 1,076,779
Shelter Plus Care	14.238	\$ 12,776
Low Rent Public Housing	14.850	233,194
Housing Choice Vouchers	14.871	337,609
Public Housing Capital Fund Program	14.872	<u>71,665</u>
		<u>\$ 1,732,023</u>

**BERKELEY HOUSING AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Berkeley Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribes, 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.

**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, 2013.



**BERKELEY HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2013**

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:   | \$300,000  |
| 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 OMB Circular A-133 (section .510(a))? | No         |
| 5. | Identification of major programs:  |            |

CFDA Number

Name of Federal Program

14.871  
14.182

Housing Choice Vouchers  
Section 8 New Construction/Substantial Rehab Program

**BERKELEY HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**DECEMBER 31, 2013**

II. Financial Statement Findings

None.

III. Federal Award Findings and Questioned Costs

None.

IV. Schedule of Prior Year Audit Findings

None.

**BERKELEY HOUSING AUTHORITY  
SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>501-11</u>	<u>501-12</u>	<u>501-13</u>	<u>Totals</u>
Budget	\$ <u>85,137</u>	\$ <u>78,431</u>	\$ <u>75,636</u>	\$ <u>239,204</u>
<u>Advances:</u>				
Cumulative through 12/31/2012	\$ 76,107	\$ 2,340	\$ -	\$ 78,447
Current year	<u>9,030</u>	<u>56,382</u>	<u>1,262</u>	<u>66,674</u>
Cumulative through 12/31/2013	<u>85,137</u>	<u>58,722</u>	<u>1,262</u>	<u>145,121</u>
<u>Costs:</u>				
Cumulative through 12/31/2012	85,137	8,028	-	93,165
Current year	<u>-</u>	<u>70,403</u>	<u>1,262</u>	<u>71,665</u>
Cumulative through 12/31/2013	<u>85,137</u>	<u>78,431</u>	<u>1,262</u>	<u>164,830</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>(19,709)</u>	\$ <u>-</u>	\$ <u>(19,709)</u>

**NOTES TO SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES**

- 1) The total amount of Capital Fund Program Costs and Advances incurred and earned by the Berkeley Housing Authority as of and for the year ended December 31, 2013 are provided herein.
- 2) Capital Fund Grant No. NJ39P056501-11 with approved fundings of \$85,137 has been fully drawn down and expended as per Capital Fund Grant Regulations.

Berkeley Housing Authority						
NJ056						
Financial Data Schedule (FDS)						
December 31, 2013						
Line Item #	Account Description	Projects	Housing Choice Vouchers	N/C S/R Section 8 Programs	Shelter Plus Care	Total
<b>ASSETS:</b>						
<b>CURRENT ASSETS</b>						
Cash						
111	Cash - unrestricted	\$ 328,034	\$ 58,886	\$ 163,690	\$ 5,811	\$ 556,421
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	199,167	53,767	-	-	252,934
114	Cash - tenant security deposits	32,468	-	-	-	32,468
115	Cash - restricted for payment of current liabilities	-	-	-	-	-
100	Total cash	559,669	112,653	163,690	5,811	841,823
Accounts and notes receivables						
121	Accounts receivable - PHA projects	-	-	-	-	-
122	Accounts receivable - HUD other projects	19,709	-	-	-	19,709
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable- tenants	2,657	-	-	-	2,657
126.1	Allowance for doubtful accounts - tenants	(1,328)	-	-	-	(1,328)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	75	-	-	-	75
128.1	Allowance for doubtful accounts - fraud	(37)	-	-	-	(37)
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	21,076	-	-	-	21,076
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	10,520	-	-	-	10,520
145	Assets held for sale	-	-	-	-	-
150	TOTAL CURRENT ASSETS	591,265	112,653	163,690	5,811	873,419
<b>NONCURRENT ASSETS</b>						
Fixed assets:						
161	Land	31,000	-	-	-	31,000
162	Buildings	4,582,205	-	-	-	4,582,205
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	136,224	-	-	-	136,224
165	Leasehold improvements	542,330	-	-	-	542,330
166	Accumulated depreciation	(4,082,670)	-	-	-	(4,082,670)
167	Construction in Progress	6,850	-	-	-	6,850
168	Infrastructure	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	1,215,939	-	-	-	1,215,939
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	1,215,939	-	-	-	1,215,939
190	TOTAL ASSETS	\$ 1,807,204	\$ 112,653	\$ 163,690	\$ 5,811	\$ 2,089,358

Berkeley Housing Authority						
NJ056						
Financial Data Schedule (FDS)						
December 31, 2013						
Line Item #	Account Description	Projects	Housing Choice Vouchers	N/C S/R Section 8 Programs	Shelter Plus Care	Total
<b>LIABILITIES AND EQUITY</b>						
<b>Liabilities</b>						
<b>Current Liabilities</b>						
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable ≤ 90 days	29,070	-	-	-	29,070
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	2,162	-	-	-	2,162
322	Accrued compensated absences - current portion	60,982	-	-	-	60,982
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	6,754	-	-	-	6,754
341	Tenant security deposits	32,468	-	-	-	32,468
342	Deferred revenue	1,175	-	-	3,691	4,866
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	-	2,400	6,000	2,120	10,520
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>147,611</b>	<b>2,400</b>	<b>6,000</b>	<b>5,811</b>	<b>161,822</b>
<b>NONCURRENT LIABILITIES</b>						
351	Long-term debt, net of current - capital projects	290,000	-	-	-	290,000
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - noncurrent	32,673	-	-	-	32,673
355	Loan Liability - Non Current	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>322,673</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>322,673</b>
300	<b>TOTAL LIABILITIES</b>	<b>470,284</b>	<b>2,400</b>	<b>6,000</b>	<b>5,811</b>	<b>484,495</b>
<b>EQUITY:</b>						
508.1	Invested in Capital Assets, Net of Related Debt	910,939	-	-	-	910,939
511.1	Restricted Net Assets	199,167	53,767	-	-	252,934
512.1	Unrestricted Net Assets	226,814	56,486	157,690	-	440,990
513	<b>TOTAL EQUITY</b>	<b>1,336,920</b>	<b>110,253</b>	<b>157,690</b>	<b>-</b>	<b>1,604,863</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,807,204</b>	<b>\$ 112,653</b>	<b>\$ 163,690</b>	<b>\$ 5,811</b>	<b>\$ 2,089,358</b>
<b>Proof of concept</b>						
		-	-	-	-	-

Berkeley Housing Authority							
NJ056							
Financial Data Schedule (FDS)							
December 31, 2013							
Line Item #	Account Description	Operating Fund Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Shelter Plus Care	Total
<b>REVENUE:</b>							
70300	Net tenant rental revenue	\$ 293,906	\$ -	\$ -	\$ -	\$ -	\$ 293,906
70400	Tenant revenue - other	18,275	-	-	-	-	18,275
70500	Total tenant revenue	312,181	-	-	-	-	312,181
70600	FUD PHA grants	233,194	49,815	227,725	1,076,779	12,776	1,600,289
70610	Capital grants	-	21,850	-	-	-	21,850
70800	Other government grants	-	-	-	-	-	-
71100	Investment income - unrestricted	19	-	-	-	-	19
71200	Mortgage interest income	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	-	-	2,036	-	-	2,036
71500	Other revenue	94,316	-	87,821	-	-	182,137
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-
70000	<b>TOTAL REVENUE</b>	639,710	71,665	317,582	1,076,779	12,776	2,118,512
<b>EXPENSES:</b>							
Administrative							
91100	Administrative salaries	63,258	7,843	16,800	48,000	2,120	138,021
91200	Auditing fees	7,320	-	500	500	-	8,320
91300	Outside management fee	-	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-
91500	Employee benefit contributions- administrativ	32,444	-	4,200	15,000	-	51,644
91600	Office expenses	30,149	-	3,000	5,565	-	38,714
91700	Legal expenses	11,860	-	1,200	1,200	-	14,260
91800	Travel	244	5,063	-	-	-	5,307
91810	Allocated overhead	-	-	-	-	-	-
91900	Other	15,300	4,142	1,800	2,400	-	23,642
92000	Asset Management Fee	-	-	-	-	-	-
Tenant services							
92100	Tenant services - salaries	10,000	-	-	-	-	10,000
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefit contributions- tenant service	5,069	-	-	-	-	5,069
92400	Tenant services - other	-	-	-	-	-	-
Utilities							
93100	Water	26,149	-	-	-	-	26,149
93200	Electricity	49,071	-	-	-	-	49,071
93300	Gas	50,087	-	-	-	-	50,087
93400	Fuel	-	-	-	-	-	-
93500	Labor	78,680	-	-	-	-	78,680
93600	Sewer	24,424	-	-	-	-	24,424
93700	Employee benefit contributions- utilities	13,180	-	-	-	-	13,180
93800	Other utilities expense	-	-	-	-	-	-
Ordinary maintenance & operation							
94100	Ordinary maintenance and operations - labo	98,506	8,000	-	-	-	106,506
94200	Ordinary maintenance and operations - materials & othe	33,428	-	-	-	-	33,428
94300	Ordinary maintenance and operations - contract cust	2,053	9,077	-	-	-	11,130
94500	Employee benefit contributions- ordinary maintenanc	50,693	-	-	-	-	50,693
Protective services							
95100	Protective services - labor	-	-	-	-	-	-
95200	Protective services- other contract cust.	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-
95500	Employee benefit contributions- protective service	-	-	-	-	-	-

Berkeley Housing Authority							
NJ056							
Financial Data Schedule (FDS)							
December 31, 2013							
Line Item #	Account Description	Operating Fund Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Shelter Plus Care	Total
	General expenses						
96100	Insurance premiums	25,100	-	1,800	2,400	-	29,300
96200	Other general expense	-	-	209	-	-	209
96210	Compensated absences	-	-	-	-	-	-
96300	Payments in lieu of taxes	6,754	-	-	-	-	6,754
96400	Bad debt - tenant rents	1,362	-	-	-	-	1,362
96500	Bad debt- mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96710	Interest of mortgage (or bonds) payabl	15,690	-	-	-	-	15,690
96730	Amortization of bond issue costs	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96900	<b>TOTAL OPERATING EXPENSES</b>	<b>650,821</b>	<b>34,125</b>	<b>29,509</b>	<b>75,065</b>	<b>2,120</b>	<b>791,640</b>
97000	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>(11,111)</b>	<b>37,540</b>	<b>288,073</b>	<b>1,001,714</b>	<b>10,656</b>	<b>1,326,872</b>
97100	Extraordinary maintenance	18,252	-	-	-	-	18,252
97200	Casualty losses - non capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	-	225,636	1,004,009	10,656	1,240,301
97350	HAP Portability - in	-	-	82,464	-	-	82,464
97400	Depreciation expense	135,518	-	-	-	-	135,518
97500	Fraud losses	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
90000	<b>TOTAL EXPENSES</b>	<b>804,591</b>	<b>34,125</b>	<b>337,609</b>	<b>1,079,074</b>	<b>12,776</b>	<b>2,268,175</b>
	<b>OTHER FINANCING SOURCES (USES)</b>						
10010	Operating transfers in	15,690	-	-	-	-	15,690
10020	Operating transfers out	-	(15,690)	-	-	-	(15,690)
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	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>15,690</b>	<b>(15,690)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>(149,191)</b>	<b>21,850</b>	<b>(20,027)</b>	<b>(2,295)</b>	<b>-</b>	<b>(149,663)</b>
	<b>MEMO ACCOUNT INFORMATION:</b>						
11020	Required annual debt principal payments	-	-	-	-	-	-
11030	Beginning equity	1,464,261	-	130,280	159,985	-	1,754,526
11040	Prior period adjustments and equity transfers	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-	-
11190	Unit months available	840	-	300	1,140	15	2,295
11210	Number of unit months leased	839	-	295	1,140	15	2,289
	Equity Roll Forward Test						
	Calculation from R/E Statement	\$ 1,336,920	\$ -	\$ 110,253	\$ 157,690	\$ -	\$ 1,604,863
	B/S Line 513	\$ 1,336,920	\$ -	\$ 110,253	\$ 157,690	\$ -	\$ 1,604,863
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -