

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2017**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2017**

<u>Contents</u>	<u>Page</u>
Report of Independent Auditors	1-3
Management's Discussion and Analysis	4-10
Financial Statements:	
Statement of Net Position	11-12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14-15
Notes to Financial Statements	16-30
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and State of New Jersey OMB Circular 15-08	33-34
Supplementary Information	
Schedule of Expenditures of Federal Awards	35
Notes to Schedule of Expenditures of Federal Awards	36-37
Schedule of Findings and Questioned Costs	38-39
Required Pension Information	40-41
Financial Data Schedule	42-45



## REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of  
Housing Authority of the Township of Berkeley:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the Township of Berkeley (the "Authority") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.



**NOVOGRADAC & COMPANY LLP**

P 732.503.4257  
F 732.341.1424  
W [www.novoco.com](http://www.novoco.com)

**OFFICE** 1433 Hooper Avenue, Suite 329  
Toms River, New Jersey 08753

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of December 31, 2017, and the changes in its net position and its 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 Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose 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* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is 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 and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2018 on our consideration of the 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 the Authority's internal control over financial reporting and compliance.

*Novogradec & Company LLP*

September 19, 2018  
Toms River, New Jersey

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

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, 2017. 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 \$830,873 (net position) as opposed to \$1,155,849 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 \$47,301.
3. The Authority's cash and cash equivalent balance (including restricted cash) at December 31, 2017 was \$1,148,840 representing a decrease of \$437,488 from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$1,312,158 and Total Operating Expenses of \$1,608,059 for the year ended December 31, 2017.
5. The Authority's Expenditures of Federal Awards amounted to \$958,499 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

B. Using the Annual Report (continued)

2. Basic Financial Statements

The 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 financial statements report 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 financial statements can be found on pages 11 through 15.

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 financial statements. The Notes to Financial Statements can be found in this report after the financial statements.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

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 35 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

C. The Authority as a Whole (continued)

Computation of Net Position is as follows:

	December 31,		Variance	%
	2017	2016		
Cash and Other Current Assets	\$ 1,152,724	\$ 1,440,130	\$ (287,406)	-19.96%
Restricted Cash	1,238	147,599	(146,361)	-99.16%
Capital Assets, Net	782,334	908,484	(126,150)	-13.89%
Deferred Outflows of Resources	<u>338,776</u>	<u>369,287</u>	<u>(30,511)</u>	-8.26%
<b>Total Assets and Deferred Outflows</b>	<b>2,275,072</b>	<b>2,865,500</b>	<b>(590,428)</b>	<b>-20.60%</b>
<b>Less: Total Liabilities and Deferred</b>				
<b>Inflows of Resources</b>	<u>1,444,199</u>	<u>1,709,651</u>	<u>(265,452)</u>	-15.53%
<b>Net Position</b>	<u>\$ 830,873</u>	<u>\$ 1,155,849</u>	<u>\$ (324,976)</u>	-28.12%
Net Investment in Capital Assets	\$ 782,334	\$ 648,484	\$ 133,850	20.64%
Restricted Net Position	1,238	111,101	(109,863)	-98.89%
Unrestricted Net Position	<u>47,301</u>	<u>396,264</u>	<u>(348,963)</u>	-88.06%
<b>Total Net Position</b>	<u>\$ 830,873</u>	<u>\$ 1,155,849</u>	<u>\$ (324,976)</u>	-28.12%

- o Cash and other current assets decreased \$287,406 as the Authority's operating cash on hand decreased \$327,373.
- o Restricted cash decreased \$146,361 primarily due to the Authority having less HAP reserves on hand.
- o Capital assets, net decreased \$126,150 due to depreciation expense.
- o Total liabilities and deferred inflows of resources decreased \$265,452 primarily due to a reduction of the Authority's unfunded pension obligation. The calculation of GASB 68 resulted in an ending pension liability of \$1,032,660 and deferred inflows of resources of \$243,700.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**C. The Authority as a Whole (continued)**

	<u>December 31,</u>		Variance	%
	2017	2016		
<u>Operating revenues:</u>				
Tenant Revenues	\$ 337,114	\$ 285,025	\$ 52,089	18.28%
HUD Operating Grants	766,283	747,751	18,532	2.48%
Other Revenues	<u>208,761</u>	<u>200,402</u>	<u>8,359</u>	4.17%
 Total Revenues	 <u>1,312,158</u>	 <u>1,233,178</u>	 <u>78,980</u>	 6.40%
<u>Operating Expenses:</u>				
Other Operating Expenses	1,022,827	917,542	105,285	8.71%
Housing Assistance Payments	459,082	550,970	(91,888)	-16.68%
Depreciation	<u>126,150</u>	<u>140,375</u>	<u>(14,225)</u>	-10.13%
 Total Operating Expenses	 <u>1,608,059</u>	 <u>1,608,887</u>	 <u>(828)</u>	 -0.05%
 Operating Loss	 <u>(295,901)</u>	 <u>(375,709)</u>	 <u>79,808</u>	 -21.24%
<u>Other Revenues (Expense):</u>				
Interest Expense	(31,386)	(13,134)	(18,252)	138.97%
Extraordinary Maintenance	-	(35,428)	35,428	-100.00%
Interest Income	2,311	2,657	(346)	-13.02%
Capital Grants	<u>-</u>	<u>15,000</u>	<u>(15,000)</u>	-100.00%
 Net Other Revenue (Expense)	 <u>(29,075)</u>	 <u>(30,905)</u>	 <u>1,830</u>	 -5.92%
 Change in Net Position	 (324,976)	 (406,614)	 81,638	 -20.08%
 Net Position, Beginning of Year	 <u>1,155,849</u>	 <u>1,562,463</u>	 <u>(406,614)</u>	 -26.02%
 Net Position, End of Year	 <u>\$ 830,873</u>	 <u>\$ 1,155,849</u>	 <u>\$ (324,976)</u>	 -28.12%

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

C. The Authority as a Whole (continued)

- HUD operating grants increased \$18,532 due to the Authority receiving more grant subsidy in the Public & Indian Housing and Section 8 HCV Programs.
- Other operating expenses increased \$105,285, primarily due to an increase of \$50,090 in general expenses and ordinary maintenance and operations expenses increased \$63,285.

D. Budgetary Highlights

For the year ended December 31, 2017, 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.

E. Capital Assets and Debt Administration

1. Capital Assets

As of December 31, 2017, the Authority's investment in capital assets for its Proprietary Fund was \$782,334. This investment in capital assets includes land, buildings, equipment and construction in progress, net of accumulated depreciation.

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

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. The Authority repaid these funds in full as part of the conversion to the Rental Assistance Demonstration Program on November 1, 2017.

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, 2018:

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.

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**

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2017**

**ASSETS**

<b>Current assets:</b>	
Cash and cash equivalents	\$ 1,111,356
Tenant security deposits	36,246
Account receivable - tenants, net	<u>5,122</u>
<b>Total current assets</b>	<u><b>1,152,724</b></u>
<b>Non-current assets</b>	
Restricted cash	1,238
Capital assets, net	<u>782,334</u>
<b>Total non-current assets</b>	<u><b>783,572</b></u>
<b>Total assets</b>	<u><b>1,936,296</b></u>

**DEFERRED OUTFLOWS OF RESOURCES**

State of New Jersey P.E.R.S.	<u>338,776</u>
<b>Total assets and deferred outflows of resources</b>	<u><b>\$ 2,275,072</b></u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**STATEMENT OF NET POSITION (continued)**  
**AS OF DECEMBER 31, 2017**

**LIABILITIES**

<b>Current liabilities:</b>	
Accounts payable	\$ 41,989
Accrued wages and payroll taxes	2,785
Accrued compensated absences, current	8,365
Tenant security deposits	36,246
Prepaid tenant rents	<u>3,172</u>
<b>Total current liabilities</b>	<u><b>92,557</b></u>
<b>Non-current liabilities:</b>	
Accrued compensated absences, non-current	75,282
Accrued pension liability	<u>1,032,660</u>
<b>Total non-current liabilities</b>	<u><b>1,107,942</b></u>
<b>Total liabilities</b>	<u><b>1,200,499</b></u>

**DEFERRED INFLOWS OF RESOURCES**

State of New Jersey P.E.R.S.	<u>243,700</u>
------------------------------	----------------

**NET POSITION**

<b>Net position:</b>	
Net investment in capital assets	782,334
Restricted	1,238
Unrestricted	<u>47,301</u>
<b>Total net position</b>	<u><b>\$ 830,873</b></u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u><b>\$ 2,275,072</b></u>

See accompanying notes to financial statements.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2017**

Operating revenues:	
Tenant revenue	\$ 337,114
HUD grants	766,283
Other revenues	<u>208,761</u>
Total operating revenues	<u>1,312,158</u>
Operating expenses:	
Administrative	359,524
Tenant services	13,580
Utilities	257,656
Ordinary maintenance and operations	264,355
Insurance	35,721
General	91,991
Housing assistance payments	459,082
Depreciation	<u>126,150</u>
Total operating expenses	<u>1,608,059</u>
Operating loss	<u>(295,901)</u>
Non-operating revenue (expenses):	
Investment income	2,311
Interest expense	<u>(31,386)</u>
Net non-operating revenue (expenses)	<u>(29,075)</u>
Change in net position	(324,976)
Net position, beginning of year	<u>1,155,849</u>
Net position, end of year	<u>\$ 830,873</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017**

<b>Cash Flows from Operating Activities:</b>	
Cash received from tenants	\$ 517,836
Cash received from grantors	766,283
Cash paid to employees	(306,417)
Cash paid to suppliers	<u>(1,126,115)</u>
Net cash used in operating activities	<u>(148,413)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Interest expense	(31,386)
Principal payments on long-term debt	<u>(260,000)</u>
Net cash used in capital and related financing activities	<u>(291,386)</u>
<b>Cash Flows from Investing Activities:</b>	
Investment income	<u>2,311</u>
Net cash provided by investing activities	<u>2,311</u>
Net decrease in cash and cash equivalents	(437,488)
Cash and cash equivalents, beginning of year	<u>1,586,328</u>
Cash and cash equivalents, end of year	<u>\$ 1,148,840</u>
<b>Reconciliation of cash and cash equivalents to Statement of Net Position is as follows:</b>	
Cash and cash equivalents	\$ 1,111,356
Tenant security deposits	36,246
Restricted cash	<u>1,238</u>
	<u>\$ 1,148,840</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**STATEMENT OF CASH FLOWS (continued)**  
**YEAR ENDED DECEMBER 31, 2017**

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (295,901)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	126,150
Bad debts	7,581
Changes in assets, liabilities, deferred outflows and deferred inflows of resources:	
Accounts receivable - tenants	(11,302)
Accounts payable	19,740
Accrued expenses	139
Accrued compensated absences	10,589
Tenant security deposits	(252)
Prepaid tenant rents	(24,066)
Deferred inflows of resources	30,511
Deferred outflows of resources	243,700
Other liabilities	<u>(255,302)</u>
Net cash used in operating activities	<u>\$ (148,413)</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**A. Organization**

The Housing Authority of the Township of Berkeley (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A:12A-1, et. seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Township of Berkeley, New Jersey (the "Township"). 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.

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. Basis of Accounting / Preparation of Financial Statements**

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). 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 of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

**B. Basis of Accounting / Preparation of Financial Statements (continued)**

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions*, ("GASB 33") 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.

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

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 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 Section 8 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.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

The Authority adopted GASB 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 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, GASB 68 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, GASB 68 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.

**C. Reporting Entity**

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB 14 and 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate, 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

**C. Reporting Entity (continued)**

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. Description of Programs**

Section 8 Housing Choice Voucher

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income households 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 household.

Public and Indian Housing

The Public and Indian Housing Program is designed to provide low-cost housing within the Township. 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. During the year ended December 31, 2017, the Authority converted all of its Public and Indian Housing units to project based vouchers through HUD's Rental Assistance Demonstration Program.

Public Housing Capital Fund

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Business Activities Fund

The Business Activities Fund was created as part of the Rental Assistance Demonstration Program ("RAD"). RAD was created in order to give public housing authorities ("PHA") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continued to pay 30% of their income towards rent.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

**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 and expenses as non-operating.

**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.

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, Net**

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. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

**H. Allowance for Doubtful Accounts**

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

**I. Prepaid Expenses**

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

**J. Taxes**

The Authority is a unit of local government under New Jersey law and is exempt from real estate, sales and income taxes.

**K. Capital Assets, Net**

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Furniture and Equipment 3-5 Years
- Buildings and Improvements 15 - 40 Years

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

**L. Impairment of Long Lived Assets**

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. For the year ended December 31, 2017, there were no impairment losses.

**M. 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.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

**M. Pensions (continued)**

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.

**N. 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.

**O. Prepaid Tenant Rents**

The Authority's prepaid tenant rents primarily consist of the prepayment of rent by residents.

**P. Use of Management Estimates**

The preparation of financial statements in accordance 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.

**Q. 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

**Q. Equity Classifications (continued)**

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

**R. Economic Dependency**

The Section 8 Housing Choice Voucher program of the Authority is economically dependent on operating grants and subsidies from HUD.

**S. Inter-program Receivables and Payables**

Inter-program receivables/payables are current, and are the result of the use of the Business Activities 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.

**T. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

**NOTE 2. CASH AND CASH EQUIVALENTS**

As of December 31, 2017, the Authority had funds on deposit in checking, statement savings and money market accounts. The carrying amount of the Authority’s cash (including restricted cash) was \$1,148,840 and the bank balance approximated \$1,160,447.

Of the bank balances, \$256,792 was covered by federal depository insurance and the remaining \$903,655 was collateralized by GUDPA as of December 31, 2017.

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, 2017, the Authority's bank balances were not exposed to custodial credit risk.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2017**

**NOTE 3. ACCOUNTS RECEIVABLE - TENANTS, NET**

Accounts receivable - tenants represents amounts due for tenant rents and is shown net of an allowance for doubtful accounts of \$5,122 as of December 31, 2017.

**NOTE 4. RESTRICTED DEPOSITS**

As of December 31, 2017 restricted deposits consists of the following:

<u>Cash Category</u>	<u>Amount</u>
Housing assistance payment reserves	\$ 1,238
Tenant security deposits	<u>36,246</u>
	<u>\$ 37,484</u>

Housing assistance payment reserves are restricted for use only in the Section 8 - Housing Choice Voucher Program for tenant rents.

Tenant security deposits represent amounts held by the Authority on behalf of tenants participating in the Public and Indian Housing Program. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

**NOTE 5. 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) 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, 2017, PILOT expense was accrued in the amount of \$7,552.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

**NOTE 6. CAPITAL ASSETS, NET**

The following is a summary of the changes in capital assets for the year ended December 31, 2017:

Description	December 31, 2016	Additions	Dispositions	Transfers	December 31, 2017
<b>Non-depreciable capital assets:</b>					
Land	\$ 31,000	\$ -	\$ -	\$ -	\$ 31,000
Subtotal	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,000</u>
<b>Depreciable capital assets:</b>					
Buildings	4,595,434	-	-	-	4,595,434
Building improvements	549,180	-	-	-	549,180
Furniture and equipment	208,788	-	-	-	208,788
Subtotal	<u>5,353,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,353,402</u>
Total	<u>5,384,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,384,402</u>
Less: accumulated depreciation	<u>4,475,918</u>	<u>126,150</u>	<u>-</u>	<u>-</u>	<u>4,602,068</u>
Net capital assets	<u>\$ 908,484</u>	<u>\$(126,150)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 782,334</u>

**NOTE 7. NON-CURRENT LIABILITIES**

A summary of the activity of non-current liabilities as of December 31, 2017 consisted of the following:

Description	December 31, 2016	Additions	Deductions	December 31, 2017	Due within one year
Bonds payable	\$ 260,000	\$ -	\$ (260,000)	\$ -	\$ -
Accrued compensated absences	73,058	30,412	(19,823)	83,647	8,365
Accrued pension liability	<u>1,210,575</u>	<u>-</u>	<u>(177,915)</u>	<u>1,032,660</u>	<u>-</u>
Non-current liabilities	<u>\$ 1,543,633</u>	<u>\$ 30,412</u>	<u>\$(457,738)</u>	<u>\$ 1,116,307</u>	<u>\$ 8,365</u>

**NOTE 8. BONDS PAYABLE**

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. The bonds were paid off as part of the conversion to the RAD Program on November 1, 2017.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

**NOTE 9. PENSION PLAN**

**A. Plan Description**

The (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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**C. Contributions**

The contribution policy for PERS is set by N.J.S.A. 43:15A 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

**C. Contributions (continued)**

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, 2017, the Authority reported a liability of \$1,032,660 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2016, and rolled forward to June 30, 2017.

For the year ended December 31, 2017, the Authority recognized pension expense of \$18,643. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 208,045	\$ 207,283
Changes in Proportion	99,383	36,417
Differences between expected and actual experience	24,316	-
Net differences between actual and projected earnings on pension plan investments	<u>7,032</u>	<u>-</u>
Total	<u>\$ 338,776</u>	<u>\$ 243,700</u>

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

Years ending December 31:	<u>Amount</u>
2018	\$ 71,980
2019	108,620
2020	65,818
2021	(87,538)
2022	<u>(63,804)</u>
	<u>\$ 95,076</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

**E. Actuarial Assumptions**

The collective total pension liability at the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions.

Inflation Rate	2.25%
Salary increases:	
Through 2026	1.65 - 4.15%, based on age
Thereafter	2.65 - 5.15%, based on age
Investment rate of return	7.00%

Pre-mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For state employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**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, including the PERS's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related real estate	1.00%	6.61%
Debt related private equity	2.0%	10.63%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US equity	30.00%	8.19%
Non-US developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

**G. Discount Rate**

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on the pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 based on the contribution rate in the most recent fiscal year. The state employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**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 5.00 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 (4.00 percent) or 1 percentage point higher (6.00 percent) than the current rate.

	1% Decrease <u>(4.00%)</u>	Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Authority's proportionate share of the net pension liability	<u>\$ 1,281,085</u>	<u>\$ 1,032,660</u>	<u>\$ 825,691</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 No. 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.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

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

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.

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, 2017, 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, 2017, restricted net position amounted to \$1,238 and consisted of accumulated earnings in connection with the overpayment of housing assistance payments which are restricted for rent payments to landlords as part of the Section 8 Housing Choice Voucher Program.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2017**

**NOTE 12. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles for the previous three years.

**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, 2017, 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 September 19, 2018 (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.



**NOVOGRADAC  
& COMPANY LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners of  
Housing Authority of the Township of Berkeley:

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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Housing Authority of the Township of Berkeley (the "Authority") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated September 19, 2018.

**Internal Control Over Financial Reporting**

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



**NOVOGRADAC & COMPANY LLP**

P 732.503.4257  
F 732.341.1424  
W [www.novoco.com](http://www.novoco.com)

**OFFICE** 1433 Hooper Avenue, Suite 329  
Toms River, New Jersey 08753

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 result 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.

*Novogradac & Company LLP*

September 19, 2018  
Toms River, New Jersey



**INDEPENDENT AUDITORS' 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 of  
Housing Authority of the Township of Berkeley:

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the Township of Berkeley's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2017. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. 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 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 Authority's compliance.



**NOVOGRADAC & COMPANY LLP**

**P** 732.503.4257  
**F** 732.341.1424  
**W** [www.novoco.com](http://www.novoco.com)

**OFFICE** 1433 Hooper Avenue, Suite 329  
Toms River, New Jersey 08753

### **Opinion on Each Major Federal Program**

In our opinion, the 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, 2017.

### **Report on Internal Control Over Compliance**

Management of the 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 and the State of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

September 19, 2018  
Toms River, New Jersey

*Novogradac & Company LLP*

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/Program Title	Federal CFDA Number	State Pass-Through Number	Grant Period		Grant Award	Fiscal Year Expenditures	Cumulative Expenditures
			From	To			
<u>U.S. Department of Housing and Urban Development</u>							
Housing Voucher Cluster							
Section 8 Housing Choice Voucher	14.871	N/A	1/1/17	12/31/17	\$ 274,014	\$ 466,230	\$ 466,230
Total Housing Voucher Cluster					274,014	466,230	466,230
Public and Indian Housing	14.850	N/A	1/1/17	12/31/17	261,438	261,438	261,438
Public Housing Capital Fund Program	14.872	N/A	4/13/15	4/12/19	171,421	171,421	171,421
Shelter Plus Care	14.238	N/A	4/13/15	4/12/19	120,600	26,330	49,597
Continuum of Care Program	14.267	N/A	7/6/15	9/30/17	201,532	33,080	58,739
Total U.S. Department of Housing and Urban Development					\$ 1,029,005	\$ 958,499	\$ 1,007,425

See accompanying footnotes to the Schedule of Expenditures of Federal Awards

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2017**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. INDIRECT COST RATE**

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**YEAR ENDED DECEMBER 31, 2017**

**NOTE 4. STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS**

	<u>501-14</u>	<u>501-15</u>	<u>501-16</u>	<u>501-17</u>	<u>Totals</u>
Budget	\$ <u>78,745</u>	\$ <u>80,503</u>	\$ <u>83,752</u>	\$ <u>87,669</u>	\$ <u>330,669</u>
<u>Advances:</u>					
Cumulative through 12/31/16	\$ 78,745	\$ 80,503	\$ -	\$ -	\$ 159,248
Current Year	<u>-</u>	<u>-</u>	<u>83,752</u>	<u>87,669</u>	<u>171,421</u>
Cumulative through 12/31/17	<u>78,745</u>	<u>80,503</u>	<u>83,752</u>	<u>87,669</u>	<u>330,669</u>
<u>Costs:</u>					
Cumulative through 12/31/16	78,745	80,503	-	-	159,248
Current Year	<u>-</u>	<u>-</u>	<u>83,752</u>	<u>87,669</u>	<u>171,421</u>
Cumulative through 12/31/17	<u>78,745</u>	<u>80,503</u>	<u>83,752</u>	<u>87,669</u>	<u>330,669</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

- 1) The total amount of Capital Fund Program Costs and Advances incurred and earned by the Authority as of December 31, 2017 are provided herein.
- 2) The Capital Fund Grants listed above have been fully drawn down and expended as per Capital Fund Grant Regulations.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2017**

**I. Summary of Auditors' Results**

**Financial Statement Section**

- |    |   |            |
|----|---|------------|
| 1. | Type of auditors' report issued:                    | Unmodified |
| 2. | Internal control over financial reporting           |            |
|    | a. Material weakness(es) identified?                | No         |
|    | b. Significant deficiency(ies) identified?          | No         |
| 3. | Noncompliance material to the financial statements? | No         |

**Federal Awards Section**

- |    |  |            |
|----|--|------------|
| 1. | Internal control over compliance:  |            |
|    | a. Material weakness(es) identified?   | No         |
|    | b. Significant deficiency(ies) identified?   | No         |
| 2. | Type of auditors' report on compliance for major programs:   | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No         |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Voucher Program

- |    |  |           |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee?                                   | No        |

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
DECEMBER 31, 2017**

**II. Financial Statement Findings**

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

**III. Federal Award Findings and Questioned Costs**

There were no findings related to federal awards which are required to be in compliance with the Uniform Guidance.

**IV. Summary of Prior Audit Findings**

There were no findings or questioned costs in prior year.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
REQUIRED PENSION INFORMATION  
DECEMBER 31, 2017**

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

	December 31, <u>2014</u>	December 31, <u>2015</u>	December 31, <u>2016</u>	December 31, <u>2017</u>
Contractually required contribution	\$ 34,901	\$ 32,977	\$ 36,312	\$ 41,096
Contributions in relation to the contractually required contribution	<u>34,901</u>	<u>32,977</u>	<u>36,312</u>	<u>41,096</u>
(Over) / under funded	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	<u>\$ 300,798</u>	<u>\$ 324,326</u>	<u>\$ 328,267</u>	<u>\$ 354,302</u>
Contributions as a percentage of covered- employee payroll	<u>11.60 %</u>	<u>10.17 %</u>	<u>11.06 %</u>	<u>11.60 %</u>

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
REQUIRED PENSION INFORMATION  
DECEMBER 31, 2017**

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

	December 31, <u>2014</u>	December 31, <u>2015</u>	December 31, <u>2016</u>	December 31, <u>2017</u>
Authority's proportion of the net pension liability	<u>0.0042 %</u>	<u>0.0038 %</u>	<u>0.0041 %</u>	<u>0.0044 %</u>
Authority's proportionate share of the net pension liability	\$ <u>792,641</u>	\$ <u>861,045</u>	\$ <u>1,210,575</u>	\$ <u>1,032,660</u>
Authority's covered-employee payroll	\$ <u>300,798</u>	\$ <u>324,326</u>	\$ <u>328,267</u>	\$ <u>354,302</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>263.51 %</u>	<u>265.49 %</u>	<u>368.78 %</u>	<u>291.46 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.08 %</u>	<u>47.93 %</u>	<u>40.14 %</u>	<u>48.10 %</u>

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

Housing Authority of Township of Berkeley							
NJ056							
Financial Data Schedule (FDS)							
December 31, 2017							
Line Item #	Account Description	Projects	14.267 Continuum of Care	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	I Business Activities	Total
<b>ASSETS:</b>							
<b>CURRENT ASSETS:</b>							
111	Cash - unrestricted	\$	\$	209,783	1,375	\$	1,111,356
112	Cash - restricted - modernization and development						
113	Cash - other restricted			1,238			1,238
114	Cash - tenant security deposits					36,246	36,246
115	Cash - restricted for payment of current liabilities						
100	Total cash		14,096	211,021	1,375	937,338	1,148,810
121	Accounts and notes receivables:						
122	Accounts receivable - PHA projects						
123	Accounts receivable - HUD other projects						
124	Accounts receivable - other government						
125	Accounts receivable - miscellaneous						
126	Accounts receivable - tenants					7,712	7,712
126.1	Allowance for doubtful accounts - tenants					(3,856)	(3,856)
126.2	Allowance for doubtful accounts - other						
127	Notes and mortgages receivable - current						
128	Fraud recovery					2,532	2,532
128.1	Allowance for doubtful accounts - fraud					(1,266)	(1,266)
129	Accrued interest receivable						
120	Total receivables, net of allowances for doubtful accounts					5,122	5,122
131	Current investments						
132	Investments - unrestricted						
133	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		14,096	211,021	1,375	937,370	1,153,962
<b>NONCURRENT ASSETS:</b>							
<b>Fixed assets:</b>							
161	Land						
162	Buildings					31,000	31,000
163	Furniture, equipment & machinery - dwellings					4,595,434	4,595,434
164	Furniture, equipment & machinery - administration						
165	Leasehold improvements					208,788	208,788
166	Accumulated depreciation					(549,180)	(549,180)
167	Construction in Progress					(4,603,068)	(4,603,068)
168	Infrastructure						
160	Total fixed assets, net of accumulated depreciation					782,334	782,334
171	Other non-current assets:						
172	Notes and mortgages receivable - non-current						
173	Notes and mortgages receivable-non-current - past due						
174	Other assets						
175	Undistributed debts						
176	Investment in joint ventures						
180	TOTAL NONCURRENT ASSETS					782,334	782,334
200	Deferred Outflow of Resources			62,756			338,776
200	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$	\$	273,777	1,375	1,905,824	2,275,022

Housing Authority of Township of Berkeley

NJ056

Financial Data Schedule (FDS)

December 31, 2017

Line Item #	Account Description	Projects	14.267 Continuum of Care	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	1 Business Activities	Total
<b>LIABILITIES AND EQUITY</b>							
<b>Liabilities:</b>							
<b>Current Liabilities:</b>							
311	Bank overdraft	\$	\$	\$	\$	\$	\$
312	Accounts payable < 90 days					34,437	34,437
313	Accounts payable > 90 days past due						
321	Accrued wage/payroll taxes payable					2,785	2,785
322	Accrued compensated absences - current portion					8,365	8,365
324	Accrued contingency liability						
325	Accrued interest payable						
331	Accounts payable - HUD PHA programs						
332	Accounts payable - PHA projects						
333	Accounts payable - other government						
341	Tenant security deposits			1,370			1,370
342	Unearned revenue						
343	Current portion of L-T debt - capital projects					7,552	7,552
344	Current portion of L-T debt - operating borrowings					36,246	36,246
345	Other current liabilities					1,802	1,802
346	Accrued liabilities - other						
347	Interprogram - due to						
310	<b>TOTAL CURRENT LIABILITIES</b>			1,370		91,187	92,557
<b>NONCURRENT LIABILITIES:</b>							
351	Long-term debt, net of current - capital projects						
352	Long-term debt, net of current - operating borrowings						
353	Non-current liabilities- other						
354	Accrued compensated absences - noncurrent					75,282	75,282
355	Loan Liability - Non Current						
356	FASB 5 Liabilities						
357	Accrued pension and OPEB liabilities			340,804		691,856	1,032,660
358	Accrued pension and OPEB liabilities			340,804		767,138	1,107,942
300	<b>TOTAL NONCURRENT LIABILITIES</b>			340,804		858,325	1,200,399
<b>TOTAL LIABILITIES</b>				481,174	1,370	203,178	243,700
400	Deferred Inflow of Resources			48,522			48,522
<b>EQUITY:</b>							
508 1	Invested in Capital Assets, Net of Related Debt					782,334	782,334
511 1	Restricted Net Assets			1,238		1,238	1,238
512 1	Unrestricted Net Assets		14,096	(168,767)		141,987	47,301
513	<b>TOTAL EQUITY</b>		14,096	(167,529)		924,321	838,873
600	<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY</b>	\$	\$	273,777	1,375	898,824	2,275,072
<b>Proof of concept</b>							

Housing Authority of Township of Berkeley

2017

Financial Data Schedule (FDS)

December 31, 2017

Line Item #	Account Description	Operating Fund Program	Capital Fund Program	14 267 Continuum of Care	14 871 Housing Choice Vouchers	14.218 Shelter Plus Care	I Business Activities	Total
<b>REVENUE:</b>								
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,100	\$ 121,100
70400	Tenant revenue - other	-	-	-	-	-	16,014	16,014
70500	Total tenant revenue	-	-	-	-	-	337,114	337,114
70600	HUD PHA grants	261,438	171,421	33,060	273,014	26,130	-	765,283
70810	Capital grants	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-
71100	Investment income - unrestricted	-	-	-	979	-	1,294	2,273
71200	Mortgage interest income	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	1,202	-	-	1,202
71400	Fraud recovery	-	-	3,260	182,840	-	3,998	205,581
71500	Other revenue	-	-	-	-	-	17,441	17,441
71600	Gain or loss on sale of fixed assets	-	-	33	-	-	-	33
71601	Investment income - restricted	-	-	-	-	-	-	-
70000	<b>TOTAL REVENUE</b>	261,438	171,421	36,393	459,015	26,135	359,847	1,314,469
<b>EXPENSES:</b>								
Administrative								
91100	Administrative salaries	-	-	-	9,441	-	-	9,441
91200	Auditor fees	-	-	-	25,305	7,316	-	32,022
91300	Outside management fees	-	-	-	500	-	-	500
91310	Book-keeping fee	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	3,147	-	-	-	3,147
91500	Employee benefit contributions- administrative	-	-	-	7,821	-	-	7,821
91600	Office expenses	-	-	3,600	32,870	-	-	36,470
91700	Legal expenses	-	-	1,200	21,178	-	-	22,378
91800	Travel	-	-	-	3,457	-	-	3,457
91810	Allocated on ethics	-	-	-	2,409	-	-	2,409
91900	Other	-	-	12,358	40,721	9,648	-	62,727
92000	Total administrative	-	-	12,358	40,721	9,648	-	62,727
Asset Management Fee								
92100	Tenant services - salaries	-	-	-	-	-	10,000	10,000
92200	Medical services	-	-	-	-	-	-	-
92300	Employee benefit contributions-tenant services	-	-	-	-	-	3,560	3,560
92400	Tenant services - other	-	-	-	-	-	13,580	13,580
Utilities								
93100	Water	-	-	-	-	-	28,234	28,234
93200	Electricity	-	-	-	-	-	41,423	41,423
93300	Gas	-	-	-	-	-	47,762	47,762
93400	Fuel	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	84,788	84,788
93600	Sewer	-	-	-	-	-	23,424	23,424
93700	Employee benefit contributions- utilities	-	-	-	-	-	31,025	31,025
93800	Other utilities expense	-	-	-	-	-	-	-
93900	Total utilities	-	-	-	-	-	257,656	257,656
Ordinary maintenance & operation								
94100	Ordinary maintenance and operations - labor	-	-	-	-	-	109,182	109,182
94200	Ordinary maintenance and operations - materials & other	-	-	-	-	-	54,933	54,933
94300	Ordinary maintenance and operations - contract cost	-	-	-	-	-	60,873	60,873
94400	Employee benefit contributions- ordinary maintenance	-	-	-	-	-	39,377	39,377
94500	Total ordinary maintenance	-	-	-	-	-	264,355	264,355
Protective services								
95100	Protective services - labor	-	-	-	-	-	-	-
95200	Protective services - other contract cost	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-
95400	Employee benefit contributions- protective services	-	-	-	-	-	-	-
95500	Total protective services	-	-	-	-	-	-	-



Housing Authority of Township of Berkeley NJ056 Financial Data Schedule (FDS) December 31, 2017									
Line Item #	Account Description	Operating Fund Program	Capital Fund Program	14.267 Continuum of Care	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Business Activities	Total	
<b>General Expenses</b>									
96100	Insurance premiums	-	-	-	3,600	-	32,121	35,721	
96200	Other general expenses	-	-	-	-	-	38,713	38,713	
96300	Compensated absences	-	-	-	-	-	38,145	38,145	
96400	Payments in lieu of taxes	-	-	-	-	-	7,532	7,532	
96500	Bad debt - tenant rent	-	-	-	-	-	7,581	7,581	
96600	Bad debt - non-tenant	-	-	-	-	-	-	-	
96700	Bad debt - other	-	-	-	-	-	-	-	
96800	Interest on mortgages (or bonds) payable	-	-	-	-	-	31,367	31,367	
96900	Amortization of bond issue cost	-	-	-	-	-	-	-	
96800	Severance expense	-	-	-	-	-	-	-	
96800	Total general expenses	-	-	-	3,600	-	155,698	159,098	
96900	TOTAL OPERATING EXPENSES	-	-	12,588	44,321	9,648	987,656	1,054,213	
97000	EXPENSE OPERATING REVENUE OVER OPERATING EXPENSES	261,438	171,421	23,805	414,714	16,687	(627,809)	244,256	
97100	Extraordinary maintenance	-	-	-	-	-	-	-	
97200	Casualty losses - non capitalize	-	-	-	-	-	-	-	
97300	Housing assistance payments	-	-	20,492	254,755	16,682	-	291,929	
97350	HAF Portability - in	-	-	-	167,153	-	-	167,153	
97400	Depreciation expense	-	-	-	-	-	126,150	126,150	
97500	Fraud losses	-	-	-	-	-	-	-	
97600	Dwelling unit rent expense	-	-	-	-	-	-	-	
96000	TOTAL EXPENSES	-	-	33,080	466,229	26,330	1,113,806	1,639,445	
<b>OTHER FINANCING SOURCES (USES)</b>									
10010	Operating transfers in	-	-	-	-	-	-	-	
10020	Operating transfers out	-	-	-	-	-	-	-	
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-	
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-	
10070	Extraordinary items, net gains/loss	-	-	-	-	-	-	-	
10080	Special items (net gains/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	(1,506,859)	(171,421)	-	-	-	1,678,280	(1,678,280)	
10100	TOTAL OTHER FINANCING SOURCES (USES)	(1,506,859)	(171,421)	-	-	-	1,678,280	-	
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(1,245,421)	-	3,313	(7,194)	5	924,321	(324,976)	
<b>MEMO ACCOUNT INFORMATION:</b>									
11020	Required annual debt principal payments	-	-	-	-	-	-	-	
11030	Beginning equity	1,245,421	-	10,783	(100,355)	-	-	1,155,849	
11040	Prior period adjustments and equity transfers	-	-	-	-	-	-	-	
11170	Administrative fee equity	-	-	-	(105,766)	-	-	(105,766)	
11180	Housing assistance payments equity	-	-	-	1,238	-	-	1,238	
11190	Unit months available	-	-	-	300	-	840	1,140	
11210	Number of unit months leased	-	-	-	288	-	838	1,126	
<b>Equity Roll Forward Test:</b>									
	Calculation from R/F Statement	\$	\$	\$	\$	\$	\$	\$	\$
	P-5 Line 513	\$	\$	\$	\$	\$	\$	\$	\$