

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
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YEAR ENDED DECEMBER 31, 2020**

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**REPORT OF INDEPENDENT AUDITORS**

To the Board of Commissioners of the  
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, 2020, 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of December 31, 2020, 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 and required pension and other postemployment benefits information 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 February 18, 2022 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.

*Novaquadec & Company LLP*

February 18, 2022  
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, 2020**

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, 2020. 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 liabilities and deferred inflows of resources of the Authority exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$192,286 (net position) as opposed to \$279,763 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 \$(1,204,014).
3. The Authority's cash and cash equivalent balance (including restricted cash) at December 31, 2020 was \$1,351,432 representing an increase of \$162,521 from the prior fiscal year.
4. The Authority had total operating revenues of \$1,462,229 and total operating expenses of \$1,393,545 for the year ended December 31, 2020.
5. The Authority's expenditures of federal awards amounted to \$993,290 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, 2020**

**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 10 through 14.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

B. Using the Annual Report (continued)

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.

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, 2020**

C. The Authority as a Whole (continued)

Computation of Net Position is as follows:

	December 31,		Variance	%
	2020	2019		
Cash and Other Current Assets	\$ 797,306	\$ 741,963	\$ 55,343	7.46%
Restricted Cash	561,652	461,428	100,224	21.72%
Capital Assets, Net	480,063	562,420	(82,357)	-14.64%
Deferred Outflows of Resources	<u>420,323</u>	<u>266,822</u>	<u>153,501</u>	57.53%
Total Assets and Deferred Outflows	2,259,344	2,032,633	226,711	11.15%
Less: Total Liabilities and Deferred Inflows of Resources	<u>2,451,630</u>	<u>2,312,396</u>	<u>139,234</u>	6.02%
Net Position	<u>\$ (192,286)</u>	<u>\$ (279,763)</u>	<u>\$ 87,477</u>	-31.27%
Net Investment in Capital Assets	\$ 480,063	\$ 562,420	\$ (82,357)	-14.64%
Restricted Net Position	531,665	461,428	70,237	15.22%
Unrestricted Net Position	<u>(1,204,014)</u>	<u>(1,303,611)</u>	<u>99,597</u>	-7.64%
Total Net Position	<u>\$ (192,286)</u>	<u>\$ (279,763)</u>	<u>\$ 87,477</u>	-31.27%

- Cash and other current assets increased \$55,343 primarily due to the Authority's operating cash on hand increasing \$68,381.
- Restricted cash increased \$100,224 primarily due to the Authority having an increase of housing assistance payments reserves of \$53,776 and an increase of \$38,737 in the reserve and replacement escrow account.
- Capital assets, net decreased \$82,357 primarily due to depreciation expense of \$121,956 off set by capital asset purchases of \$39,599.
- Total liabilities and deferred inflows of resources increased \$139,234 primarily due to the changes of assumptions related to the pension and other post-employment benefit liabilities.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

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

	December 31,		Variance	% Change
	2020	2019		
<b><u>Operating Revenues:</u></b>				
Tenant Revenues	\$ 367,887	\$ 421,030	\$ (53,143)	-12.62%
HUD Operating Grants	863,650	708,090	155,560	21.97%
Other Revenues	<u>230,692</u>	<u>212,711</u>	<u>17,981</u>	8.45%
 Total Revenues	 <u>1,462,229</u>	 <u>1,341,831</u>	 <u>120,398</u>	 8.97%
<b><u>Operating Expenses:</u></b>				
Other Operating Expenses	878,396	883,942	(5,546)	-0.63%
Housing Assistance Payments	393,193	430,550	(37,357)	-8.68%
Depreciation	<u>121,956</u>	<u>122,956</u>	<u>(1,000)</u>	-0.81%
 Total Operating Expenses	 <u>1,393,545</u>	 <u>1,437,448</u>	 <u>(43,903)</u>	 -3.05%
 Operating Income (Loss)	 <u>68,684</u>	 <u>(95,617)</u>	 <u>164,301</u>	 171.83%
<b><u>Other Revenues (Expenses):</u></b>				
Interest Income	<u>18,793</u>	<u>12,819</u>	<u>5,974</u>	46.60%
 Net Other Revenues (Expenses)	 <u>18,793</u>	 <u>12,819</u>	 <u>5,974</u>	 46.60%
 Change in Net Position	 87,477	 (82,798)	 170,275	 205.65%
Net Position, Beginning of Year	<u>(279,763)</u>	<u>(196,965)</u>	<u>(82,798)</u>	42.04%
Net Position, End of Year	<u>\$ (192,286)</u>	<u>\$ (279,763)</u>	<u>\$ 87,477</u>	-31.27%

- HUD operating grants increased \$155,560 due to the Authority receiving more grant subsidy in the Section 8 Housing Choice Vouchers Program and was awarded a Housing Choice Vouchers CARES Act grant during the year.
- Other operating expenses decreased \$5,546, primarily due to an increase of \$15,457 in administrative expenses, a decrease of \$4,797 in tenant services, and a decrease of \$16,269 in other general expenses.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**D. Budgetary Highlights**

For the year ended December 31, 2020, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. Also, the Authority adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

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

**E. Capital Assets and Debt Administration**

**1. Capital Assets**

As of December 31, 2020, the Authority's investment in capital assets for its Proprietary Fund was \$480,063. 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.

**2. Long Term Debt**

The Authority had no outstanding long-term debt during the fiscal year ending December 31, 2020.

**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, 2021:

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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

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**  
**DECEMBER 31, 2020**

ASSETS

<b>Current assets:</b>	
Cash and cash equivalents	\$ 750,965
Tenant security deposits	38,815
Account receivable, net	<u>7,526</u>
Total current assets	<u>797,306</u>
<b>Non-current assets</b>	
Restricted cash	561,652
Capital assets, net	<u>480,063</u>
Total non-current assets	<u>1,041,715</u>
Total assets	<u>1,839,021</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	176,079
State of New Jersey S.H.B.P.	<u>244,244</u>
Total deferred outflows of resources	<u>420,323</u>
Total assets and deferred outflows of resources	<u>\$ 2,259,344</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**STATEMENT OF NET POSITION (continued)**  
**DECEMBER 31, 2020**

**LIABILITIES**

<b>Current liabilities:</b>	
Accounts payable	\$ 33,245
Accrued expenses	3,195
Tenant security deposits	38,815
Prepaid rent	6,987
Unearned revenues	29,987
Accrued compensated absences, current	<u>11,018</u>
<b>Total current liabilities</b>	<u><b>123,247</b></u>
<b>Non-current liabilities:</b>	
Accrued compensated absences, non-current	99,166
Accrued pension liability	819,983
Accrued OPEB liability	<u>688,970</u>
<b>Total non-current liabilities</b>	<u><b>1,608,119</b></u>
<b>Total liabilities</b>	<u><b>1,731,366</b></u>

**DEFERRED INFLOWS OF RESOURCES**

State of New Jersey P.E.R.S.	346,235
State of New Jersey S.H.B.P.	<u>374,029</u>
<b>Total deferred inflows of resources</b>	<u><b>720,264</b></u>

**NET POSITION**

<b>Net position:</b>	
Net investment in capital assets	480,063
Restricted	531,665
Unrestricted	<u>(1,204,014)</u>
<b>Total net position</b>	<u><b>\$ (192,286)</b></u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u><b>\$ 2,259,344</b></u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Operating revenues:	
Tenant revenue	\$ 367,887
HUD operating grants	863,650
Other revenues	<u>230,692</u>
Total operating revenues	<u>1,462,229</u>
Operating expenses:	
Administrative	344,140
Tenant services	14,267
Utilities	247,026
Ordinary repairs and maintenance	216,085
Insurance	36,541
General	20,337
Housing assistance payments	393,193
Depreciation	<u>121,956</u>
Total operating expenses	<u>1,393,545</u>
Operating income	<u>68,684</u>
Non-operating revenue:	
Investment income	<u>18,793</u>
Total non-operating revenue	<u>18,793</u>
Change in net position	87,477
Net position, beginning of year	<u>(279,763)</u>
Net position, end of year	<u>\$ (192,286)</u>

See accompanying notes to financial statements.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Cash Flows from Operating Activities:</b>	
Cash received from tenants and others	\$ 598,668
Cash received from grantors	895,590
Cash paid to employees	(343,907)
Cash paid to vendors and suppliers	<u>(967,024)</u>
Net cash provided by operating activities	<u>183,327</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Purchases of capital assets	<u>(39,599)</u>
Net cash used in capital and related financing activities	<u>(39,599)</u>
<b>Cash Flows from Investing Activities:</b>	
Investment income	<u>18,793</u>
Net cash provided by investing activities	<u>18,793</u>
Net increase in cash and cash equivalents and restricted cash	162,521
Cash and cash equivalents and restricted cash, beginning of year	<u>1,188,911</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 1,351,432</u>
<b>Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:</b>	
Cash and cash equivalents	\$ 750,965
Tenant security deposits	38,815
Restricted cash	<u>561,652</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 1,351,432</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 68,684
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	121,956
Bad debts	5,850
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable, net	1,104
Deferred outflows of resources	(153,501)
Accounts payable	(9,636)
Accrued expenses	233
Tenant security deposits	1,627
Prepaid rent	5,069
Unearned revenues	29,987
Accrued compensated absences	2,755
Accrued pension liability	(58,411)
Accrued OPEB liability	204,427
Deferred inflows of resources	<u>(36,817)</u>
Net cash provided by operating activities	<u>\$ 183,327</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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 / Financial Statement Presentation**

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 (GASB) 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, deferred outflows of resources, liabilities, deferred inflows of resources, net position, 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.

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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

**B. Basis of Accounting / Financial Statement Presentation (continued)**

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 Vouchers 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.

**C. Reporting Entity**

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 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. 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**

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

Section 8 Housing Choice Vouchers

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.

CARES Act Funding

During the year ended December 31, 2020, the Authority was awarded CARES Act funding as part of the Section 8 Housing Choice Vouchers Program. These funds are to be used to prevent, prepare for, and respond to the Coronavirus ("COVID-19"), as well as help the Authority maintain normal operations during the period impacted by COVID-19.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

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

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 continue to pay 30% of their income towards rent.

**E. 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 net pension and OPEB liability, depreciable lives of properties and equipment, deferred inflows and outflows of resources, and contingencies. Actual results could differ significantly from these estimates.

**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 the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which 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. N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

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.

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

**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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

**G. Accounts Receivable, Net (continued)**

Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation.

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.

**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. 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 capital assets, the cost and related accumulated depreciation are 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:

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

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

**K. 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 the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended December 31, 2020, there were no impairment losses incurred.

**L. Accounts Payable and Accrued Liabilities**

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

**M. Prepaid Rent**

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

**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. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**P. Other Post Employment Benefits**

For purposes of measuring the net Other Post Employment Benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to the net OPEB, and OPEB expense, and information about the fiduciary net position of the State of New Jersey State Health Benefits Local Government Retired Employees Plan ("SHBP") and additions to/deductions from SHBP's fiduciary net position have been determined on the same basis as they are reported by SHBP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan.

**Q. Deferred Outflows of Resources and Deferred 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.

**R. 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, 2020**

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

**R. Equity Classifications (continued)**

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

**S. 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. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants.

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.

**T. Taxes**

The Authority is a unit of local government under the State of New Jersey law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the Township.

**U. Budgets and Budgetary Accounting**

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards, which are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

**V. Economic Dependency**

The Section 8 Housing Choice Vouchers program is economically dependent on operating grants from HUD. The program operates at a loss prior to receiving the grants.

**W. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund ("JIF"). The JIF 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 JIF 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.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

As of December 31, 2020, the Authority had funds on deposit in checking, savings, and money market accounts. The carrying amount of the Authority's cash and cash equivalents (including restricted cash) was \$1,351,432 and the bank balances approximated \$1,397,284.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 750,965
Tenant security deposits	38,815
Restricted	<u>561,652</u>
Total cash and cash equivalents	<u>\$ 1,351,432</u>

Of the bank balances, \$252,086 was covered by federal depository insurance and the remaining \$1,145,198 was collateralized by GUDPA as of December 31, 2020.

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, 2020, the Authority's bank balances were not exposed to custodial credit risk.

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

As of December 31, 2020, accounts receivable, net consists of tenant accounts receivable totaling \$7,526. Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent and fraud recovery. The balance is shown net of an allowance for doubtful accounts of \$7,526 as of December 31, 2020.

**NOTE 4. RESTRICTED DEPOSITS**

As of December 31, 2020, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Amount</u>
Housing assistance payment reserves	\$ 31,500
Reserve and replacement escrow account	500,165
CARES Act funds	29,987
Tenant security deposits	<u>38,815</u>
Total restricted deposits	<u>\$ 600,467</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Reserve and replacement escrows are restricted for repairs and replacement of the buildings and equipment as part of the Authority's RAD conversion.

CARES Act funds are restricted to be used on expenditures directly related to COVID-19. These funds are to be used to prevent, prepare for, and respond to COVID-19, as well as held the Authority maintain normal operations during the period impacted by COVID-19.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

**NOTE 5. CAPITAL ASSETS, NET**

The following is a summary of the changes in capital assets during the year ended December 31, 2020:

Description	December 31, 2019	Additions	Dispositions	Transfers	December 31, 2020
<b>Non-depreciable:</b>					
Land	\$ 31,000	\$ -	\$ -	\$ -	\$ 31,000
<b>Depreciable:</b>					
Buildings	5,171,186	39,599	-	-	5,210,785
Furniture and equipment	208,788	-	-	-	208,788
Subtotal	<u>5,379,974</u>	<u>39,599</u>	<u>-</u>	<u>-</u>	<u>5,419,573</u>
Total	<u>5,410,974</u>	<u>39,599</u>	<u>-</u>	<u>-</u>	<u>5,450,573</u>
Less: accumulated depreciation	<u>4,848,554</u>	<u>121,956</u>	<u>-</u>	<u>-</u>	<u>4,970,510</u>
Net capital assets	<u>\$ 562,420</u>	<u>\$ (82,357)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 480,063</u>

Depreciation expense for the year ended December 31, 2020 amounted to \$121,956.

**NOTE 6. ACCOUNTS PAYABLE**

As of December 31, 2020, accounts payable consisted of the following:

<u>Description</u>	<u>Amount</u>
Accounts payable - vendors	\$ 21,513
Accounts payable - other governments	<u>11,732</u>
Total accounts payable	<u>\$ 33,245</u>

**Accounts Payable - Vendors**

Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

**Accounts Payable - Other Governments**

Accounts payable - other governments represents amounts due and payable to the Township for payments in lieu of taxes.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 7. PAYMENTS IN LIEU OF TAXES**

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 year ended December 31, 2020, the Authority incurred PILOT expense in the amount of \$11,732.

**NOTE 8. NON-CURRENT LIABILITIES**

Non-current liabilities activity during the year ended December 31, 2020 consisted of the following:

Description	December 31, 2019	Additions	Payments/ Retirements	December 31, 2020	Due in One Year
Accrued compensated absences	\$ 107,429	\$ 82,451	\$ (79,696)	\$ 110,184	\$ 11,018
Accrued pension liability	878,394	-	(58,411)	819,983	-
Accrued OPEB liability	<u>484,543</u>	<u>204,427</u>	<u>-</u>	<u>688,970</u>	<u>-</u>
Total non-current liabilities	<u>\$ 1,470,366</u>	<u>\$286,878</u>	<u>\$ (138,107)</u>	<u>\$ 1,619,137</u>	<u>\$ 11,018</u>

**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, which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.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. 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

**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. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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, 2020, the Authority reported a liability of \$819,983 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2019, and rolled forward to June 30, 2020.

For the year ended December 31, 2020, the Authority recognized pension expense of \$3,681. At December 31, 2020, 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	\$ 26,601	\$ 343,335
Changes in Proportion	106,519	-
Differences between expected and actual experience	14,931	2,900
Net differences between actual and projected earnings on pension plan investments	<u>28,028</u>	<u>-</u>
Total	<u>\$ 176,079</u>	<u>\$ 346,235</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>
2021	\$ (63,279)
2022	(57,692)
2023	(32,969)
2024	(13,332)
2025	<u>(2,884)</u>
	<u>\$ (170,156)</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

**E. Actuarial Assumptions**

The collective total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 - 6.00% based on years of service
Thereafter	3.00 - 7.00% based on years of service
Investment rate of return	7.00%

Pre-mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial adjustments used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**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, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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 7.00 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 (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ <u>1,040,339</u>	\$ <u>819,983</u>	\$ <u>644,925</u>

**NOTE 10. OTHER POST-RETIREMENT BENEFITS PLAN**

**A. Plan Description**

The SHBP is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Division. It covers employees of local government employers that have adopted a resolution to participate in the SHBP. For additional information about SHBP, please refer to the Division's annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**B. Benefits**

SHBP provides medical and prescription drug to retirees and their covered dependents of the employers. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of services credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

**B. Benefits (continued)**

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2020, the Authority reported a liability of \$688,970, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and rolled forward to June 30, 2020.

For the year ended December 31, 2020, the Authority recognized OPEB benefit of \$47,983. At December 31, 2020, 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	\$ 103,048	\$ 153,216
Changes in Proportion	58,011	92,514
Differences between expected and actual experience	18,147	128,299
Net differences between projected and actual investment earnings on OPEB plan investments	438	-
Contributions paid subsequent to the measurement date	<u>64,600</u>	<u>-</u>
Total	<u>\$ 244,244</u>	<u>\$ 374,029</u>

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

Year ending December 31:	<u>Amount</u>
2021	\$ (30,064)
2022	(30,091)
2023	(30,135)
2024	(30,175)
2025	(20,576)
Thereafter	<u>11,256</u>
	<u>\$ (129,785)</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

**D. Actuarial Assumptions**

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

Inflation Rate	2.50%
Salary increases:	
Through 2026	2.00 to 6.00% based on years of service
Thereafter	3.00 to 7.00% based on years of service

Mortality rates were based on the Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using the MP-2020 scale.

Certain actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PERS experience studies prepared for July 1, 2014 to June 30, 2018. 100% of active members are considered to participate in the Plan upon retirement.

**E. Discount Rate**

The discount rate used to measure the total OPEB liability was 2.21% as of June 30, 2020. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**F. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 2.21%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate.

	1% Decrease <u>(1.21%)</u>	Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Authority's proportionate share of the net OPEB liability	\$ <u>814,509</u>	\$ <u>688,970</u>	\$ <u>589,596</u>

**G. Healthcare Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

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

**H. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rate**

The following presents the Authority's proportionate share of the net OPEB liability calculated using the healthcare trend rate as disclosed above, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	\$ <u>570,124</u>	\$ <u>688,970</u>	\$ <u>844,602</u>

**NOTE 11. RESTRICTED NET POSITION**

Restricted net position consists of the following as of December 31, 2020:

<u>Description</u>	<u>Amount</u>
Housing assistance payment reserves	\$ 31,500
Reserves and replacement escrows	<u>500,165</u>
Total restricted net position	<u>\$ 531,665</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Reserve and replacement escrows are restricted for repairs and replacement of the buildings and equipment.

**NOTE 12. 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, 2020, the Authority estimates that no material liabilities will result from such audits.

**NOTE 13. VULNERABILITY - IMPACT OF COVID-19**

The severity of the impact of the Coronavirus ("COVID-19") on the Authority's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Authority's tenants, all of which are uncertain and cannot be predicted. The Authority's future results could be adversely impacted by delays in rent collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**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. Subsequent events have been evaluated through February 18, 2022, which is the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**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 the  
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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated February 18, 2022.

**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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Nouogadac & Company LLP*

February 18, 2022  
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  
STATE OF NEW JERSEY OMB CIRCULAR 15-08**

To the Board of Commissioners of the  
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 and the State of New Jersey OMB Circular 15-08 that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. 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 the requirements of 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.

**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, 2020.

## **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.

## **Purpose of this Report**

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.

*Navigant & Company LLP*

February 18, 2022  
Toms River, New Jersey

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Program Title	Federal CFDA Number	State Pass- Through Number	Grant Period From / To	Grant Award	Fiscal Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>						
Housing Voucher Cluster						
Section 8 Housing Choice Vouchers	14.871	N/A	1/1/2020    12/31/2020	\$ 819,465	\$ 949,105	\$ 949,105
Section 8 Housing Choice Vouchers CARES Act	14.HCC	N/A	1/1/2020    12/31/2021	74,172	44,185	44,185
Total Housing Voucher Cluster				893,637	993,290	993,290
Total U.S. Department of Housing and Urban Development				<u>\$ 893,637</u>	<u>\$ 993,290</u>	<u>\$ 993,290</u>

See accompanying notes 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, 2020**

**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, 2020. 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) and the State of New Jersey OMB Circular 15-08. 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. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**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. Pass-through entity identifying numbers are presented where available.

**NOTE 3. INDIRECT COST RATE**

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



**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020**

**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?          | None Reported |
| 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?   | None Reported |
| 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:  |               |

**CFDA Number**

**Name of Federal Program**

Housing Voucher Cluster:  
14.871  
14.HCC

Section 8 Housing Choice Vouchers Program  
Housing Choice Vouchers CARES Act

- |    |  |           |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk auditee?                                   | Yes       |

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**YEAR ENDED DECEMBER 31, 2020**

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 or questioned costs relating to federal awards.

IV. Summary of Prior Audit Findings

There were no findings or questioned costs in the prior year.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BERKELEY  
REQUIRED PENSION INFORMATION  
DECEMBER 31, 2020**

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Contractually required contribution	\$ 34,901	\$ 32,977	\$ 36,312	\$ 41,096	\$ 46,511	\$ 47,419	\$ 55,007
Contributions in relation to the contractually required contribution	<u>34,901</u>	<u>32,977</u>	<u>36,312</u>	<u>41,096</u>	<u>46,511</u>	<u>47,419</u>	<u>55,007</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>	\$ <u>411,386</u>	\$ <u>394,364</u>	\$ <u>396,617</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>	<u>11.31 %</u>	<u>12.02 %</u>	<u>13.87 %</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 (continued)  
DECEMBER 31, 2020**

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Authority's proportion of the net pension liability	<u>0.0042 %</u>	<u>0.0038 %</u>	<u>0.0041 %</u>	<u>0.0044 %</u>	<u>0.0047 %</u>	<u>0.0049 %</u>	<u>0.0050 %</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>	\$ <u>920,679</u>	\$ <u>878,394</u>	\$ <u>819,983</u>
Authority's covered-employee payroll	\$ <u>300,798</u>	\$ <u>324,326</u>	\$ <u>328,267</u>	\$ <u>354,302</u>	\$ <u>411,386</u>	\$ <u>394,364</u>	\$ <u>396,617</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>	<u>223.80 %</u>	<u>222.74 %</u>	<u>206.74 %</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>	<u>53.60 %</u>	<u>56.30 %</u>	<u>58.32 %</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 OTHER POST EMPLOYMENT BENEFITS INFORMATION  
 DECEMBER 31, 2020**

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

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Statutorily required contribution	\$ 75,552	\$ 75,514	\$ 71,587	\$ 98,430
Contributions in relation to the statutorily required contribution	<u>75,552</u>	<u>75,514</u>	<u>71,587</u>	<u>98,430</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	<u>\$ 354,302</u>	<u>\$ 411,386</u>	<u>\$ 394,364</u>	<u>\$ 396,617</u>
Contributions as a percentage of covered- employee payroll	<u>21.32 %</u>	<u>18.36 %</u>	<u>18.15 %</u>	<u>24.82 %</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 OTHER POST EMPLOYMENT BENEFITS INFORMATION (continued)  
DECEMBER 31, 2020**

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

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Authority's proportion of the net OPEB liability	<u>0.0191 %</u>	<u>0.0039 %</u>	<u>0.0036 %</u>	<u>0.0038 %</u>
Authority's proportionate share of the net OPEB liability	<u>\$ 778,454</u>	<u>\$ 605,045</u>	<u>\$ 484,543</u>	<u>\$ 688,970</u>
Authority's covered-employee payroll	<u>\$ 354,302</u>	<u>\$ 411,386</u>	<u>\$ 394,364</u>	<u>\$ 396,617</u>
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	<u>219.71 %</u>	<u>147.07 %</u>	<u>122.87 %</u>	<u>173.71 %</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.03 %</u>	<u>1.97 %</u>	<u>1.98 %</u>	<u>0.91 %</u>

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

Berkeley Housing Authority (NJ056)

Bayville, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2020

	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	ELIM	Total
111 Cash - Unrestricted	\$560,170	\$190,795			\$750,965
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$500,165	\$31,500	\$29,987		\$561,652
114 Cash - Tenant Security Deposits	\$38,815				\$38,815
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$1,099,150	\$222,295	\$29,987	\$0	\$1,351,432
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$9,385				\$9,385
126.1 Allowance for Doubtful Accounts - Tenants	-\$4,683				-\$4,683
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$5,687				\$5,687
128.1 Allowance for Doubtful Accounts - Fraud	-\$2,843				-\$2,843
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$7,526	\$0	\$0	\$0	\$7,526
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets					
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$1,106,676	\$222,295	\$29,987	\$0	\$1,358,958
161 Land	\$31,000				\$31,000
162 Buildings	\$4,661,605				\$4,661,605
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$208,788				\$208,788
165 Leasehold Improvements	\$549,180				\$549,180
166 Accumulated Depreciation	-\$4,970,510				-\$4,970,510
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$480,063	\$0	\$0	\$0	\$480,063
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$480,063	\$0	\$0	\$0	\$480,063
200 Deferred Outflow of Resources	\$198,944	\$221,379			\$420,323
290 Total Assets and Deferred Outflow of Resources	\$1,785,683	\$443,674	\$29,987	\$0	\$2,259,344

Berkeley Housing Authority (NJ056)

Bayville, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2020

	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$21,513				\$21,513
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$3,195				\$3,195
322 Accrued Compensated Absences - Current Portion	\$11,018				\$11,018
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$11,732				\$11,732
341 Tenant Security Deposits	\$38,815				\$38,815
342 Unearned Revenue	\$8,987		\$29,987		\$38,974
344 Current Portion of Long-term Debt - Operating Borrowings					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$93,260	\$0	\$29,987	\$0	\$123,247
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$99,166				\$99,166
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$716,064	\$792,889			\$1,508,953
350 Total Non-Current Liabilities	\$815,230	\$792,889	\$0	\$0	\$1,608,119
300 Total Liabilities	\$908,490	\$792,889	\$29,987	\$0	\$1,731,366
400 Deferred Inflow of Resources	\$358,855	\$361,409			\$720,264
508.4 Net Investment in Capital Assets	\$480,063	\$0	\$0		\$480,063
511.4 Restricted Net Position	\$500,165	\$31,500	\$0		\$531,665
512.4 Unrestricted Net Position	-\$461,890	-\$742,124	\$0		-\$1,204,014
513 Total Equity - Net Assets / Position	\$518,338	-\$710,624	\$0	\$0	-\$192,286
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,785,683	\$443,874	\$29,987	\$0	\$2,259,544



Berkeley Housing Authority (NJ056)

Bayville, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2020

	1 Business Activities	14,871 Housing Choice Vouchers	14, HCC HCV CARES Act Funding	ELIM	Total
70300 Net Tenant Rental Revenue	\$768,999			-\$437,840	\$351,159
70400 Tenant Revenue - Other	\$18,728				\$18,728
70500 Total Tenant Revenue	\$805,727	\$0	\$0	-\$437,840	\$367,887
70600 HUD PHA Operating Grants		\$619,465	\$44,185		\$663,650
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue				\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$7,872	\$3,864			\$11,736
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$6,028	\$5,860			\$11,888
71500 Other Revenue	\$37,630	\$181,174			\$218,804
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted	\$7,057				\$7,057
70000 Total Revenue	\$884,314	\$1,010,363	\$44,185	-\$437,840	\$1,481,022
91100 Administrative Salaries	\$83,599	\$68,300	\$27,500		\$177,399
91200 Auditing Fees	\$4,955	\$4,000			\$8,955
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$28,503	\$25,661	\$13,685		\$67,849
91600 Office Expenses	\$38,492	\$4,000	\$2,000		\$44,492
91700 Legal Expense	\$12,685	\$3,000			\$15,685
91800 Travel	\$699				\$699
91810 Allocated Overhead					
91900 Other	\$17,750	\$10,311	\$1,000		\$29,061
91000 Total Operating - Administrative	\$186,683	\$113,272	\$44,185	\$0	\$344,140
92000 Asset Management Fee					
92100 Tenant Services - Salaries	\$10,000				\$10,000
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$2,700				\$2,700
92400 Tenant Services - Other	\$1,567				\$1,567
92500 Total Tenant Services	\$14,267	\$0	\$0	\$0	\$14,267
93100 Water	\$24,419				\$24,419
93200 Electricity	\$37,573				\$37,573
93300 Gas	\$43,271				\$43,271
93400 Fuel					
93500 Labor	\$89,435				\$89,435
93600 Sewer	\$24,424				\$24,424
93700 Employee Benefit Contributions - Utilities	\$27,904				\$27,904
93800 Other Utilities Expense					
93000 Total Utilities	\$247,026	\$0	\$0	\$0	\$247,026

See report of independent auditors.

Berkeley Housing Authority (NJ056)

Bayville, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2020

	1 Business Activities	14,871 Housing Choice Vouchers	14, HCC HCV CARES Act Funding	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$122,153				\$122,153
94200 Ordinary Maintenance and Operations - Materials and Other	\$15,296				\$15,296
94300 Ordinary Maintenance and Operations Contracts	\$29,731				\$29,731
94500 Employee Benefit Contributions - Ordinary Maintenance	\$38,905				\$38,905
94000 Total Maintenance	\$204,085	\$0	\$0	\$0	\$204,085
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance					
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance	\$31,741	\$4,800			\$36,541
96100 Total Insurance Premiums	\$31,741	\$4,800	\$0	\$0	\$36,541
96200 Other General Expenses					
96210 Compensated Absences	\$2,755				\$2,755
96300 Payments in Lieu of Taxes	\$11,732				\$11,732
96400 Bad debt - Tenant Rents	\$5,850				\$5,850
96500 Bad debt - Mortgages					
96800 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$20,337	\$0	\$0	\$0	\$20,337
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$704,138	\$118,072	\$44,185	\$0	\$866,396
97000 Excess of Operating Revenue over Operating Expenses	\$160,175	\$892,291	\$0	-\$437,840	\$614,626
97100 Extraordinary Maintenance	\$12,000				\$12,000
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$689,920		-\$437,840	\$252,080
97350 HAP Portability-In		\$141,113			\$141,113
97400 Depreciation Expense	\$121,856				\$121,856
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$838,095	\$949,105	\$44,185	-\$437,840	\$1,393,545

Berkeley Housing Authority (NJ056)

Bayville, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2020

	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	ELIM	Total
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$26,219	\$61,258	\$0	\$0	\$87,477
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$311,618	-\$591,381	\$0		-\$279,763
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$180,501	-\$180,501			\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		-\$742,124			-\$742,124
11180 Housing Assistance Payments Equity		\$31,500			\$31,500
11190 Unit Months Available	840	1140			1980
11210 Number of Unit Months Leased	804	1085			1889