

BEVERLY HOUSING AUTHORITY
COMPARATIVE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
Years Ended September 30, 2020 and 2019

BEVERLY HOUSING AUTHORITY
FINANCIAL STATEMENTS

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BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended September 30, 2020 and 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Beverly Housing Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2020.

Please read it in conjunction with the Authority's comparative financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities as of September 30, 2020, 2019 and 2018 by \$1,932,052 (net position), \$1,870,166 (net position), and \$1,878,069 (net position), respectively.
- As of the close of the current fiscal year, the Housing Authority reported ending unrestricted net position of \$719,780, representing an increase of \$147,797 from the prior fiscal year balance. As of September 30, 2019, the Authority reported unrestricted net position of \$571,983, which was an increase of \$111,593 from September 30, 2018 unrestricted net position of \$460,390.
- The Housing Authority's cash and cash equivalent balances (including tenant security deposits) at September 30, 2020 were \$899,212, representing an increase of \$206,502 from the prior fiscal year. The Housing Authority's cash and cash equivalent balances (including tenant security deposits) at September 30, 2019 were \$692,710, representing an increase of \$254,258 from the prior fiscal year balance of \$438,452.
- The Authority's net operating revenues after expenses, (excluding depreciation of \$85,911) of \$122,537 represents an increase of \$60,126 for the year ended September 30, 2020 over the prior fiscal year. The Authority's net operating revenues after expenses (excluding depreciation expense), produced an amount of revenue over expenses of \$62,411 and 157,268 for the years ended September 30, 2019 and 2018, respectively.
- The Housing Authority's capital outlays for the fiscal years ending September 30, 2020, 2019 and 2018 were \$-0-, \$-0- and \$-0- respectively.
- The Housing Authority's Expenditures of Federal Awards for the fiscal years ending September 30, 2020, 2019 and 2018 were \$322,233, \$303,433, and \$292,892 respectively.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2020 and 2019

THE FINANCIAL REPORT

Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's financial statements and Notes to the 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.

Financial Statements

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

The Comparative Statement of Net Position reports the Housing Authority's net position and changes in them. You can think of the Authority's net position, the difference between assets, what it owns, and liabilities, what it owes, as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating.

The Comparative Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Housing Authority's net position changed during the most recent fiscal year. All changes in net assets 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 Comparative Statements of Cash Flows present information showing how the Housing Authority's cash and cash equivalents position changed during the year. The statements classify cash receipts and cash payments as resulting from operating activities, capital and related financing activities and investing activities.

The financial statements report on the Housing Authority's activities. The activities are primarily supported by the U.S. Department of Housing and Urban Development (HUD) subsidiaries and grants. The Housing Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The comparative financial statements can be found beginning on page 9.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2020 and 2019

Notes to Financial Statements

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

Supplemental information

The Financial Data Schedule, Schedule of the Authority's Proportionate Share of the Net Pension Liability, Schedule of the Authority's Contributions, and Statement and Certification of Actual Capital Grant Costs are included in this Report for the purpose of additional analysis. These schedules can be found starting on page 23.

Financial Analysis of the Authority

Comparison of 2020 to 2019

The Housing Authority's net position increased during the fiscal year. Unrestricted net position indicates the Authority's ability to satisfy current obligations. As of September 30, 2020, the unrestricted net position of the Authority is \$719,780 which represents an increase of \$147,797 from the prior fiscal year. The biggest contributors were the increases in operating grants and tenant revenue. Other factors of revenue and expense are as follows: Operating revenues exceeded expenses, net of depreciation of \$85,911, by \$122,537 during the fiscal year. Interest income of \$25,260 represents an increase of \$1,695 from the prior fiscal year. Operating grant subsidies increased \$18,800 from the prior fiscal year. Utilities decreased by \$3,551. Maintenance expenses increased by \$4,517 as a result of Covid-19 related material purchases. Insurance costs increased by \$681 and bad debt expense, compensated absences and pilot costs decreased by \$2,412 in total. Capital operating grants increased by \$10,376. Tenant rental income increased by \$30,486 due to the use of greater resources available to confirm household income. The Housing Authority's revenues consist primarily of subsidies and grants received from HUD. The Housing 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.

By far, the largest portion of the Housing Authority's net position reflects its investment in capital assets (e.g. – land, buildings, furniture and equipment, leasehold improvements, and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are not available for future spending. During 2020, the Authority recorded depreciation expense of \$85,911. The authority did not add any capital improvements during the fiscal year.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2020 and 2019

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2020 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. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2020, the Housing Authority's investment in capital assets for its Proprietary Fund was \$1,212,272 (net of accumulated depreciation). The investment in capital assets includes land, buildings, furniture and equipment, leasehold improvements, and construction in progress.

Additional information on the Authority's capital assets can be found in Note D to the financial statements, which is included in this report.

Long-Term Debt

The Housing Authority does not have any long-term debt outstanding at this time.

Comparison of 2019 to 2018

The Housing Authority's net position increased during the fiscal year. Unrestricted net position indicates the Authority's ability to satisfy current obligations. As of September 30, 2019, the unrestricted net position of the Authority is \$ 571,983 which represents an increase of \$111,593 from the prior fiscal year. The main reason for the increase was the transfer of \$128,035 of operations from the 2019 Capital Fund as well as an adjustment to the prior year OPEB & pension related accruals. Other factors of revenue and expense are as follows: Operating revenues exceeded expenses net of depreciation of (\$119,496), by \$62,411 during the fiscal year. Interest income of \$23,565 represents an increase of \$11,690 from the prior fiscal year. Operating grant subsidies increased \$10,541 from the prior fiscal year. Utilities increased by \$6,201. Maintenance expenses increased by \$15,655 as a result of increases in material purchases and contract costs. Insurance costs increased by \$3,017 and bad debt expense, compensated absences and pilot costs increased by \$11,355 in total. Capital operating grants increased by \$4,546. Tenant rental income decreased by \$8,557 due to trends in the economy and fewer repayment agreements. The Housing Authority's revenues consist primarily of subsidies and grants received from HUD. The Housing 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.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2020 and 2019

By far, the largest portion of the Housing Authority's net position reflects its investment in capital assets (e.g. – land, buildings, furniture and equipment, leasehold improvements, and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are not available for future spending. During 2019, the Authority recorded depreciation expense of \$119,496. The authority did not add any capital improvements during the fiscal year.

FINANCIAL RATIOS

“Working Capital” is the amount by which current assets exceed current liabilities. The Current Ratio, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations.

<u>Working Capital</u>		<u>Current Ratio</u>	
2020	\$ 1,830,034	2020	10.46
2019	1,637,669	2019	11.63

“Return on total assets” is computed by dividing net income by average total assets. “Return on total assets” illustrates to what extent there will be sufficient funds to replace assets in the future.

Return on Assets

2020	1.85%
2019	(1.00%)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Housing Authority's budget for the fiscal year ended September 30, 2020: 1) The state of economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Housing Authority, 2) The need for Congress to fund COVID-19, the war on terrorism, natural disasters, and the possible cut-back on HUD subsidies and grants, and 3) The use of the Housing Authority's Unrestricted Net Position of \$719,780 to fund any shortfalls rising from a possible recession and reduced subsidies and grants. The Housing Authority's Unrestricted Net Position appears sufficient to cover any shortfall.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide readers of the financial statements with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Executive Director, at Beverly Housing Authority, 101 Magnolia Street, Beverly, New Jersey, 08010.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2020 and 2019

CONDENSED FINANCIAL STATEMENTS

Composition of Net Position is as follows:

	9/30/20	Year Ended 9/30/19	9/30/18
Current assets	\$ 2,023,409	\$ 1,791,766	\$ 1,639,267
Capital assets	1,212,272	1,298,183	1,417,679
Deferred outflows	150,187	225,125	302,018
Total assets	<u>3,385,868</u>	<u>3,315,074</u>	<u>3,358,964</u>
Current liabilities	193,375	154,097	133,811
Other liabilities	992,906	1,017,860	1,138,815
Total liabilities	<u>1,186,281</u>	<u>1,171,957</u>	<u>1,272,626</u>
Deferred inflows	<u>267,535</u>	<u>272,951</u>	<u>208,269</u>
Invested in capital assets, net of related debt	1,212,272	1,298,183	1,417,679
Unrestricted net assets	<u>719,780</u>	<u>571,983</u>	<u>460,390</u>
Total net position	<u>1,932,052</u>	<u>1,870,166</u>	<u>1,878,069</u>
Total liabilities and net position	<u>\$ 3,385,868</u>	<u>\$ 3,315,074</u>	<u>\$ 3,358,964</u>
Dwelling rentals	\$ 316,808	\$ 286,322	\$ 299,973
Operating subsidy	322,233	303,433	292,892
Other revenue	136,802	139,587	256,939
Total operating revenues	<u>775,843</u>	<u>729,342</u>	<u>849,804</u>
Operating expenses			
Excluding depreciation	653,306	666,931	692,536
Depreciation	85,911	119,496	149,576
Total operating expenses	<u>739,217</u>	<u>786,427</u>	<u>842,112</u>
Non operating revenue (expenses)	<u>25,260</u>	<u>23,565</u>	<u>11,875</u>
Income (loss) before capital contributions	<u>61,886</u>	<u>(33,520)</u>	<u>19,567</u>
Capital grants received	-	-	-
Change in net position	<u>61,886</u>	<u>(33,520)</u>	<u>19,567</u>
Beginning net position	1,870,166	1,878,069	1,858,502
Prior period adjustment	-	25,617	-
Ending net position	<u>\$ 1,932,052</u>	<u>\$ 1,870,166</u>	<u>\$ 1,878,069</u>

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Beverly Housing Authority
Beverly, NJ

Report on the Financial Statements

We have audited the accompanying comparative financial statements of Beverly Housing Authority (a nonprofit organization) as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the comparative financial statements referred to above present fairly, in all material respects, the respective financial position of Beverly Housing Authority as of September 30, 2020 and 2019, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the Authority's Proportionate Share of the Net Pension Liability, and Schedule of the Authority's Contributions, as listed in the table of contents, are 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.

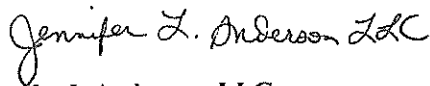
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule and statement and certification of actual capital grant costs are presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, Office of Inspector General, and are not a required part of the basic financial statements.

These schedules 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, these schedules 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 December 15, 2020, on our consideration of Beverly Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Beverly Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beverly Housing Authority's internal control over financial reporting and compliance.



Jennifer L Anderson, LLC

Moorestown, New Jersey
December 15, 2020

BEVERLY HOUSING AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
Cash and cash equivalents	\$ 867,268	\$ 664,208
Restricted deposits		
Tenant deposits held in trust	31,944	28,502
Certificate of deposits	1,090,523	1,071,411
Tenants' accounts receivable (See Note C)	13,818	8,870
Accounts receivable - HUD	761	-
Accounts receivable - other	10,377	10,062
Miscellaneous prepaid expenses	8,718	8,713
Total current assets	<u>2,023,409</u>	<u>1,791,766</u>
Property and Equipment		
Land	54,519	54,519
Buildings	3,368,279	3,368,279
Furniture and equipment	118,268	118,268
Leasehold improvements	<u>765,087</u>	<u>765,087</u>
	4,306,153	4,306,153
Accumulated depreciation	(3,093,881)	(3,007,970)
Construction in progress	<u>-</u>	<u>-</u>
	<u>1,212,272</u>	<u>1,298,183</u>
Deferred outflow of resources	150,187	225,125
Total assets	<u><u>\$ 3,385,868</u></u>	<u><u>\$ 3,315,074</u></u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 16,887	\$ 14,538
Tenant security deposits	31,944	28,502
Prepaid revenue	61,752	44,526
Compensated absences, current portion	32,147	29,605
Other accrued liabilities	<u>50,645</u>	<u>36,926</u>
Total current liabilities	<u>193,375</u>	<u>154,097</u>
Noncurrent liabilities		
Compensated absences	289,326	266,449
Accrued pension	<u>703,580</u>	<u>751,411</u>
Total liabilities	<u>1,186,281</u>	<u>1,171,957</u>
Deferred inflow of resources	267,535	272,951
Invested in capital assets, net of related debt	1,212,272	1,298,183
Unrestricted net position	<u>719,780</u>	<u>571,983</u>
Total net position	<u><u>1,932,052</u></u>	<u><u>1,870,166</u></u>
	<u><u>\$ 3,385,868</u></u>	<u><u>\$ 3,315,074</u></u>

BEVERLY HOUSING AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUES		
Dwelling rentals	\$ 316,808	\$ 286,322
Operating grants	322,233	303,433
Other revenue	136,802	139,587
Total revenues	<u>775,843</u>	<u>729,342</u>
EXPENSES		
Administrative	394,310	406,880
Tenant services	-	290
Utilities	56,307	59,858
Operating and maintenance	116,484	111,967
General	86,205	87,936
Extraordinary maintenance	-	-
Depreciation	85,911	119,496
Total expenses	<u>739,217</u>	<u>786,427</u>
NON OPERATING REVENUES (EXPENSES)		
Investment income	25,260	23,565
Total non operating revenues (expenses)	<u>25,260</u>	<u>23,565</u>
Income (loss) before contributions and transfers	61,886	(33,520)
CAPITAL GRANTS RECEIVED		
HUD capital grants	<u>-</u>	<u>-</u>
Change in net position	61,886	(33,520)
Beginning net position	1,870,166	1,878,069
Prior period adjustment	<u>-</u>	<u>25,617</u>
Ending net position	<u>\$ 1,932,052</u>	<u>\$ 1,870,166</u>

BEVERLY HOUSING AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
From tenants for rental and other income	\$ 451,028	\$ 426,635
From operating grants	339,459	442,084
Cash Paid:		
To employees for operations	(347,200)	(350,649)
To suppliers for operations	(242,933)	(266,695)
Net cash provided (used) by operating activities	<u>200,354</u>	<u>251,375</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchases) maturities of certificate of deposit	(19,112)	(20,682)
Investment income	<u>25,260</u>	<u>23,565</u>
Net cash provided (used) by investing activities	<u>6,148</u>	<u>2,883</u>
Net increase (decrease) in cash	<u>206,502</u>	<u>254,258</u>
Beginning cash and cash equivalents	692,710	438,452
Ending cash and cash equivalents	<u>\$ 899,212</u>	<u>\$ 692,710</u>
 ENDING CASH AND CASH EQUIVALENTS RECAP:		
Cash - unrestricted	\$ 867,268	\$ 664,208
Tenant deposits held in trust - restricted	31,944	28,502
	<u>\$ 899,212</u>	<u>\$ 692,710</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATIONS		
Operating income (loss)	\$ 36,626	\$ (57,085)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense	85,911	119,496
Prior period adjustment	-	25,617
Decrease (Increase) in assets/deferred outflows:		
Tenants accounts receivable	(4,948)	(251)
Accounts receivable - other	(315)	(296)
Accounts receivable - HUD	(761)	123,654
Prepaid expenses	(5)	(666)
Deferred outflows	74,938	76,893
Increase (Decrease) in liabilities/deferred inflows:		
Accounts payable	2,349	(11,800)
Accrued liabilities, pension and compensated absences	(8,693)	(105,139)
Prepaid revenue	17,226	14,997
Tenant deposits held in trust	3,442	1,273
Deferred inflows	(5,416)	64,682
Net cash provided (used) by operating activities	<u>\$ 200,354</u>	<u>\$ 251,375</u>

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Nature of Organization and Operations

Beverly Housing Authority (the Authority) is a governmental, public corporation created under the laws of the state of New Jersey to provide housing for qualified individuals in accordance with rules and regulations prescribed by the United States Department of Housing and Urban Development. The Authority was created through a resolution of the Township of Beverly. It was organized as a public housing authority as defined by State statute (N.J. S.A. 4A:12A-1, et seq., the “Housing Authority Act”). The Authority functions under the supervision of the Department of Community Affairs – Division of Local Government Services (DCA). The Authority’s Board of Commissioners is a seven-member board who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An executive director is appointed by the housing authority’s Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in Beverly. Operating and modernization subsidies are provided to the Authority by the federal government.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is made by applying the criteria set forth by GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and Organizations included in the reporting entity although the primary organization is not financial accountable. The Authority has not identified any entities that should be subject to evaluation for inclusion in the Authority’s reporting entity. The Authority has concluded that it is excluded from the City’s reporting entity since the City does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority. Based on these criteria, there are no additional agencies which should be included in the financial statements of the Authority.

At September 30, 2020, the only HUD-funded programs or activities administered by the Authority were:

<u>Program</u>	<u>Contract No.</u>	<u>Project No.</u>	<u>Units Authorized</u>
Low-Income Housing Management	NY-228	NJ 18-1	71

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2) Basis of Accounting

The financial statements of the Authority are prepared using the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net assets, revenues and expenses are accounted for using a single enterprise fund for the primary government.

Revenue – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development (HUD), charges to tenants and other miscellaneous revenues discussed below.

Federal Grant Revenue – Operating subsidies and Capital Grant program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule or as an expenditure paid under the Capital Fund Program or Comprehensive Improvements Assistance Program.

Tenant Charges – Rental charges to tenants are determined and billed monthly and are recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in the balance sheet as accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as deferred revenue.

Miscellaneous income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available.

Report Presentation

The comparative financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus”, Statement No. 38 “Certain Financial Statement Note Disclosures”, which supplements Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that includes a statement of net position, a statement of activities and a statement of cash flows. It requires a classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2) Basis of Accounting (Cont'd)

Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” requires renaming of the Statement of Net Assets to the Statement of Net Position.

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources and net position. These classifications are defined as follows:

Net Investment in Capital Assets – This component consists of land, construction in progress and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Invested in Capital Assets. Rather, that portion of debt is included in the same net asset component as the unspent proceeds.

Restricted Net Position – This component includes net position subject to restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributions, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position that does not meet the definition of Restricted Net Position or Invested in Capital Assets.

The adoption of Governmental Accounting Standards Board Statements 34, 37, and 38, and 63 have no significant effect on the basic financial statements, except for the classification of net position in accordance with Statement No. 63.

Cash and Cash Equivalents – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificate of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Depreciation – Depreciation is computed for financial statement purposes using the straight-line method over the estimated useful lives of the related assets as follows:

Building	40 years
Building components	15 and 20 years
Furnishings and equipment	5 years

Taxes – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal or State income tax returns.

Grants – The Authority receives reimbursement from various grantors for the cost of sponsored projects, including administrative costs. Grant revenues are recognized in the period in which the associated cost for the grant is incurred. Grant expenditures are recognized on an accrual basis.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2) Basis of Accounting (Cont'd)

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

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

Deferred Revenue - The Authority's deferred revenue primarily consists of the prepayment of rent by residents and the receipt of HUD funding applicable to future periods.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure for contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

Option 11/30/89 FASB – The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of accounting Procedure issued after November 30, 1989.

Proprietary Fund – The Authority does not have any infrastructure assets for its Proprietary Fund.

Inter-fund transactions – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

Budgetary policy and control – The Authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

Deferred Outflows/Inflows of Resources -Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2) Basis of Accounting (Cont'd)

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time. These inflows consist of unamortized portion of the net difference between projected and actual earnings on pension plan investments.

GASB Statement No. 75 – For the year ended September 30, 2019, the Authority adopted Governmental Accounting Standards Board (GASB) Statement, No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension other (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of this Statement had no impact on the Authority's financial statements.

NOTE B – CASH AND CASH EQUIVALENTS

HUD requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC 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 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 the requirements of HUD. Authority cash balances are covered by the Federal Deposit Insurance Corporation up to \$250,000 with the balance being covered by the Governmental Unit Deposit Protection Act of the State of New Jersey.

Cash and Cash Equivalents (including tenant security deposits) of \$899,212 and \$692,710 at September 30, 2020 and 2019, respectively consisted of the following:

	2020	2019
Checking accounts	\$ 867,118	\$ 664,058
Security deposits	31,944	28,502
Petty cash	150	150
	<u>\$ 899,212</u>	<u>\$ 692,710</u>

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE C – TENANTS’ ACCOUNTS RECEIVABLE

The following is a summary of receivables at September 30, 2020 and 2019:

	2020	2019
Current tenants' rent balances	\$ 16,638	\$ 12,152
Current tenants' back rent	2,095	814
	18,733	12,966
Less: Allowance for doubtful accounts	(4,915)	(4,096)
	<u>\$ 13,818</u>	<u>\$ 8,870</u>

NOTE D – FIXED ASSETS

Capital acquisition and construction are capitalized as fixed assets and depreciated over the estimated useful life of the asset. All purchased fixed assets are valued at cost. Donated fixed assets are valued at the estimated fair market value on the date received. Cost of repairs and maintenance are expended as incurred. Proceeds from the disposal of fixed assets are recognized in the period received.

The following is a summary of changes in general fixed assets for the fiscal year ended September 30, 2020:

	Balance October 1, 2019	Additions	Disposals	Transfers /Other	Balance September 30, 2020
Land	\$ 54,519	\$ -	\$ -	\$ -	\$ 54,519
Buildings & improvements	3,368,279	-	-	-	3,368,279
Furniture & equipment	118,268	-	-	-	118,268
Leasehold improvements	765,087	-	-	-	765,087
	4,306,153	-	-	-	4,306,153
Less: Accumulated depreciation	(3,007,970)	(85,911)	-	-	(3,093,881)
	<u>\$ 1,298,183</u>	<u>\$ (85,911)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,212,272</u>

Depreciation expense for the years ended September 30, 2020 and 2019 amounted to \$85,911 and \$119,496, respectively.

NOTE E – PAYMENT IN LIEU OF TAXES (PILOT)

Under federal, state, and local law, the Authority’s programs are exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provisions of a Cooperation Agreement. Under the Cooperation Agreement, the Authority must pay the municipality the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended September 30, 2020, 2019 and 2018, the City was entitled to PILOT of \$25,919, \$ 22,422, and \$23,897, respectively.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE F - ACCRUED COMPENSATED ABSENCES

Employees are entitled to accumulated sick leave and vacation leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service. Sick leave may not be compensated at retirement or termination from service. Vacation leave is payable to the maximum of 60 days accrued plus the current year. The Authority has determined that the potential liability for accumulated leave is \$321,473 at September 30, 2020, and \$296,054 at September 30, 2019.

NOTE G – PENSION PLAN

The Authority participates in Public Employees Retirement System (PERS), a cost sharing, multiple employer defined benefit pension plan administered by the Divisions of Pensions within the Department of Treasury, State of New Jersey. The PERS was established in January 1955 under the provision of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system. Membership is mandatory for such employees.

The vesting and benefit provisions for the PERS are set forth by N.J. S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The Authority participates in the State of New Jersey, Public Employees' Retirement System.

The following represents the membership tiers for PERS:

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

Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit as defined. The contribution policy is set forth by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Required employee contributions to the system are based on a flat rate which is determined by the New Jersey Division of Pensions for the active plan members. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for the years ended September 30, 2020, 2019 and 2018 amounted to \$37,982, \$ 37,960 and \$34,4676, respectively.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE G – PENSION PLAN (Cont'd)

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At September 30, 2020, the Authority reported a liability of \$ 703,580 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all PERS participating employers. At June 30, 2019, the Authority's collection proportion percentage was .0039047792%.

For the year ended September 30, 2020 the Authority recognized pension expense of \$37,982. At September 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experiences	\$ 12,628	\$ 3,108
Change of assumptions	70,255	244,211
Net difference between projected and actual experience	-	11,106
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>67,304</u>	<u>9,110</u>
Total	<u>\$ 150,187</u>	<u>\$ 267,535</u>

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation:

Price 2.75%

Wage 3.25%

Rate of 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-Retirement mortality rates were based on 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 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%

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE G – PENSION PLAN (Cont'd)

adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

The long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Summary of asset class with target allocation and long-term real rate of return may be found on the PERS annual audit report located on their website at www.state.nj.us/treasury/pensions/gasb-68 notice.

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on these assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report which is available on the PERS website.

The following represents the Authority's proportionate share of net pension liability calculated using the discount rate of 6.28%, 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 (5.28%) or 1-percentage point higher (7.28%) than the current rate:

	Discount Rate		
	5.28%	6.28%	7.28%
Authority's proportionate share of Net pension liability	\$894,921	\$708,477	\$551,371

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE G – PENSION PLAN (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2020	\$ (20,316)
2021	(65,906)
2022	(58,850)
2023	(27,633)
2024	(2,837)

Changes in proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.75 and 6.44 years for the 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2019, are as follows:

Service cost	\$ 31,385
Interest on the Total Pension Liability	93,023
Member Contributions	(21,617)
Administrative Expenses	573
Expected investment return net of investment expenses	(57,720)
Pension expense related to specific liabilities of individual employers	(270)
Current recognition (amortization) of deferred outflows and inflows of resources:	
Differences between expected and actual experience	7,003
Changes of assumptions	(21,405)
Differences between projected and actual investment earnings on pension plan investments	6,809
Total Pension expense	<u>\$ 37,781</u>

NOTE H – RISK MANAGEMENT

During the year ended September 30, 2020, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues.

NOTE I – CONSTRUCTION COMMITMENTS

At September 30, 2020, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

**BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019**

NOTE J – ECONOMIC DEPENDENCY

The Project's sole asset is a 71-unit apartment project. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or adequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE K – SUBSEQUENT EVENTS

Management of the Authority has evaluated the effects of subsequent events that have occurred subsequent to the period ending March 31, 2020, and through December 15, 2020. In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Authority, its performance, and its financial results. As a result of the Covid-19 Pandemic, on March 27, 2020 the CARES Act was signed into law. This law provided regulatory waivers and additional funding to Public Housing Authorities across the nation.

In 2020, management elected to implement certain provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Company accepted a federal grant in the amount of \$29,225, \$24,036 which is currently included as a current liability on the Comparative Statement of Net Position for the amount not yet spent as of September 30, 2020.

SUPPLEMENTARY INFORMATION

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2020

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$1,933,755	\$1,957,791	\$1,957,791
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$31,944	\$31,944	\$31,944
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$1,965,699	\$1,989,735	\$1,989,735
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$761	\$761	\$761
124 Accounts Receivable - Other Government	\$10,377	\$10,377	\$10,377
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$16,638	\$16,638	\$16,638
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,867	-\$3,867	-\$3,867
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	\$2,095	\$2,095	\$2,095
128.1 Allowance for Doubtful Accounts - Fraud	-\$1,048	-\$1,048	-\$1,048
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$24,956	\$24,956	\$24,956
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$8,718	\$8,718	\$8,718
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$1,999,373	\$2,023,409	\$2,023,409
161 Land	\$54,519	\$54,519	\$54,519
162 Buildings	\$3,368,279	\$3,368,279	\$3,368,279
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$118,268	\$118,268	\$118,268
165 Leasehold Improvements	\$765,087	\$765,087	\$765,087
166 Accumulated Depreciation	-\$3,093,881	-\$3,093,881	-\$3,093,881
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,212,272	\$1,212,272	\$1,212,272
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	\$1,212,272	\$1,212,272	\$1,212,272
200 Deferred Outflow of Resources	\$150,187	\$150,187	\$150,187
290 Total Assets and Deferred Outflow of Resources	\$3,361,832	\$3,385,868	\$3,385,868
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$16,887	\$16,887	\$16,887
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$17,709	\$17,709	\$17,709
322 Accrued Compensated Absences - Current Portion	\$32,147	\$32,147	\$32,147
324 Accrued Contingency Liability			
325 Accrued Interest Payable			

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2020

331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government	\$25,919	\$25,919	\$25,919
341	Tenant Security Deposits	\$31,944	\$31,944	\$31,944
342	Unearned Revenue	\$37,716	\$61,752	\$61,752
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other	\$7,017	\$7,017	\$7,017
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$169,339	\$193,375	\$193,375
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	\$289,326	\$289,326	\$289,326
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities	\$703,580	\$703,580	\$703,580
350	Total Non-Current Liabilities	\$992,906	\$992,906	\$992,906
300	Total Liabilities	\$1,162,245	\$1,186,281	\$1,186,281
400	Deferred Inflow of Resources	\$267,535	\$267,535	\$267,535
508.4	Net Investment in Capital Assets	\$1,212,272	\$1,212,272	\$1,212,272
511.4	Restricted Net Position	\$0	\$0	\$0
512.4	Unrestricted Net Position	\$719,780	\$719,780	\$719,780
513	Total Equity - Net Assets / Position	\$1,932,052	\$1,932,052	\$1,932,052
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,361,832	\$3,385,868	\$3,385,868

70300	Net Tenant Rental Revenue	\$315,496	\$315,496	\$315,496
70400	Tenant Revenue - Other	\$1,312	\$1,312	\$1,312
70500	Total Tenant Revenue	\$316,808	\$316,808	\$316,808
70600	HUD PHA Operating Grants	\$317,044	\$322,233	\$322,233
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			
70800	Other Government Grants			
71100	Investment Income - Unrestricted	\$25,260	\$25,260	\$25,260
71200	Mortgage Interest Income			
71300	Proceeds from Disposition of Assets Held for Sale			
71310	Cost of Sale of Assets			
71400	Fraud Recovery	\$4,622	\$4,622	\$4,622
71500	Other Revenue	\$132,180	\$132,180	\$132,180
71600	Gain or Loss on Sale of Capital Assets			
72000	Investment Income - Restricted			
70000	Total Revenue	\$795,914	\$801,103	\$801,103
91100	Administrative Salaries	\$253,091	\$253,091	\$253,091
91200	Auditing Fees	\$10,700	\$10,700	\$10,700
91300	Management Fee	\$0	\$0	\$0
91310	Book-keeping Fee			
91400	Advertising and Marketing			
91500	Employee Benefit contributions - Administrative	\$98,140	\$98,140	\$98,140

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2020

91600 Office Expenses	\$16,259	\$16,259	\$16,259
91700 Legal Expense	\$847	\$847	\$847
91800 Travel	\$2,973	\$2,973	\$2,973
91810 Allocated Overhead			
91900 Other	\$12,300	\$12,300	\$12,300
91000 Total Operating - Administrative	\$394,310	\$394,310	\$394,310
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$1,390	\$1,390	\$1,390
93200 Electricity	\$9,372	\$9,372	\$9,372
93300 Gas	\$2,214	\$2,214	\$2,214
93400 Fuel			
93500 Labor	\$13,566	\$13,566	\$13,566
93600 Sewer	\$24,390	\$24,390	\$24,390
93700 Employee Benefit Contributions - Utilities	\$5,375	\$5,375	\$5,375
93800 Other Utilities Expense			
93000 Total Utilities	\$56,307	\$56,307	\$56,307
94100 Ordinary Maintenance and Operations - Labor	\$40,698	\$40,698	\$40,698
94200 Ordinary Maintenance and Operations - Materials and Other	\$12,333	\$16,732	\$16,732
94300 Ordinary Maintenance and Operations Contracts	\$32,584	\$33,374	\$33,374
94500 Employee Benefit Contributions - Ordinary Maintenance	\$25,680	\$25,680	\$25,680
94000 Total Maintenance	\$111,295	\$116,484	\$116,484
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95600 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance	\$34,867	\$34,867	\$34,867
96100 Total Insurance Premiums	\$34,867	\$34,867	\$34,867
96200 Other General Expenses			
96210 Compensated Absences	\$25,419	\$25,419	\$25,419
96300 Payments in Lieu of Taxes	\$25,919	\$25,919	\$25,919
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$51,338	\$51,338	\$51,338
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
96900 Total Operating Expenses	\$648,117	\$653,306	\$653,306
97000 Excess of Operating Revenue over Operating Expenses	\$147,797	\$147,797	\$147,797
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$85,911	\$85,911	\$85,911
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$734,028	\$739,217	\$739,217

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2020

10010 Operating Transfer In	\$138,411	\$138,411	\$138,411
10020 Operating transfer Out	-\$138,411	-\$138,411	-\$138,411
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$61,886	\$61,886	\$61,886
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,870,166	\$1,870,166	\$1,870,166
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
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			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	852	852	852
11210 Number of Unit Months Leased	825	825	825
11270 Excess Cash	\$1,767,307	\$1,767,307	\$1,767,307
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

BEVERLY HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
Years Ended September 30, 2020, 2019, 2018, 2017 and 2016

	2020	2019	2018	2017	2016
Authority's proportions of the net pension liability (asset)	0.000039047792	0.000038163146	0.0000372056	0.0000352628	0.0000334453
Authority's proportionate share of the net pension liability	\$ 703,582	\$ 751,415	\$ 866,083	\$ 1,044,384	\$ 750,780
Authority's covered-employee payroll	\$ 297,553	\$ 297,220	\$ 285,638	\$ 272,972	\$ 282,016
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	236.46%	252.81%	303.21%	382.60%	266.22%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%

**The amounts presented were measured as of June 30, 2019, 2018, 2017, 2016 and 2015.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

BEVERLY HOUSING AUTHORITY
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
Years Ended September 30, 2020, 2019, 2018, 2017 and 2016

	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 37,982	\$ 37,960	\$ 34,467	\$ 31,327	\$ 28,754
Contributions in relation to the statutorily required contributions	\$ 37,982	\$ 37,960	\$ 34,467	\$ 31,327	\$ 28,754
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	297,553	297,220	285,638	272,972	282,016
Contributions as a percentage of covered -employee payroll	13%	13%	12%	11%	10%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

BEVERLY HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS
Year Ended September 30, 2020

1 The Actual Capital Fund Grant Costs of Program NJ39P01850119 and NJ39P01850120 are as follows:

	<u>CFP NO. NJ39P01850119</u>	<u>CFP NO. NJ39P01850120</u>
Funds Approved	\$ 128,677	\$ 137,769
Funds Expended	<u>128,677</u>	<u>137,769</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
 Funds Advanced	 \$ 128,677	 \$ 137,769
Funds Expended	<u>128,677</u>	<u>137,769</u>
	<u>\$ -</u>	<u>\$ -</u>

2 All Capital Fund Grant Costs have been paid and all related liabilities have been discharged through payment.

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

To the Board of Commissioners of
Beverly Housing Authority
Beverly, NJ

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Beverly Housing Authority, herein referred to as the Authority, which comprise the Authority's statement of financial position as of September 30, 2020, and the related statements of activities, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 15, 2020.

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) as basis for determining 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.

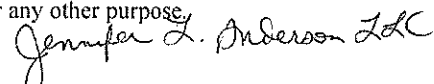
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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


Jennifer L. Anderson, LLC

Moorestown, NJ
December 15, 2020

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GENERAL COMMENTS AND RECOMMENDATIONS

To the Board of Commissioners of
Beverly Housing Authority

We have audited the financial statements of Beverly Housing Authority, herein referred to as the Authority, as of and for the year ended September 30, 2020. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

General Comments

There are no general comments related to the September 30, 2020 audit.

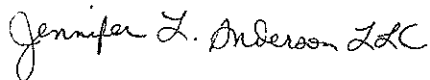
Recommendations

There are no recommendations related to the September 30, 2020 audit.

Acknowledgement

We received the complete cooperation of all the Authority officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions concerning our comments or recommendations, please call us.



Jennifer L Anderson, LLC

Moorestown, NJ
December 15, 2020