

BEVERLY HOUSING AUTHORITY
COMPARATIVE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
Years Ended September 30, 2021 and 2020

BEVERLY HOUSING AUTHORITY

FINANCIAL STATEMENTS

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BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended September 30, 2021 and 2020

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, 2021.

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, 2021, 2020 and 2019 by \$2,121,845 (net position), \$1,932,052 (net position), and \$1,870,166 (net position), respectively.
- As of the close of the current fiscal year, the Housing Authority reported ending unrestricted net position of \$955,828, representing an increase of \$236,048 from the prior fiscal year balance. As of September 30, 2020, the Authority reported unrestricted net position of \$719,780, which was an increase of \$147,797 from September 30, 2019 unrestricted net position of \$571,983.
- The Housing Authority's cash and cash equivalent balances (including tenant security deposits) at September 30, 2021 were \$1,106,669, representing an increase of \$207,457 from the prior fiscal year. 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 balance of \$692,710.
- The Authority's net operating revenues after expenses, (excluding depreciation of \$83,957) of \$272,314 represents an increase of \$149,777 for the year ended September 30, 2021 over the prior fiscal year. The Authority's net operating revenues after expenses (excluding depreciation expense), produced an amount of revenue over expenses of \$122,537 and \$62,411 for the years ended September 30, 2020 and 2019, respectively.
- The Housing Authority's capital outlays for the fiscal years ending September 30, 2021, 2020 and 2019 were \$-0-, \$-0- and \$-0- respectively.
- The Housing Authority's Expenditures of Federal Awards for the fiscal years ending September 30, 2021, 2020 and 2019 were \$402,120, \$322,233, and \$303,433, respectively.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2021 and 2020

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 Net 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, 2021 and 2020

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 2021 to 2020

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, 2021, the unrestricted net position of the Authority is \$955,828 which represents an increase of \$236,048 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 \$83,957, by \$272,314 during the fiscal year. Interest income of \$1,436 represents a decrease of \$23,824 from the prior fiscal year. Operating grant subsidies increased \$79,887 from the prior fiscal year. Utilities increased by \$2,309. Maintenance expenses decreased by \$11,715 as a result of Covid-19 related material purchases in the prior year. Insurance costs increased by \$733 and bad debt expense, compensated absences and pilot costs decreased by \$679 in total. Capital operating grants increased by \$6,244. Tenant rental income increased by \$13,192 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 2021, the Authority recorded depreciation expense of \$83,957. The authority purchased a vehicle during the current fiscal year, and sold an old vehicle.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2021 and 2020

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2021 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, 2021, the Housing Authority's investment in capital assets for its Proprietary Fund was \$1,166,017 (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 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.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2021 and 2020

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.

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>	
2021	\$ 2,081,748	2021	13.25
2020	1,830,034	2020	10.46

"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

2021	5.50%
2020	1.85%

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, 2021: 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 \$955,828 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, 2021 and 2020

CONDENSED FINANCIAL STATEMENTS

Composition of Net Position is as follows:

	9/30/21	Year Ended 9/30/20	9/30/19
Current assets	\$ 2,251,629	\$2,023,409	\$ 1,791,766
Capital assets	1,166,017	1,212,272	1,298,183
Deferred outflows	102,208	150,187	225,125
Total assets	<u>3,519,854</u>	<u>3,385,868</u>	<u>3,315,074</u>
Current liabilities	169,881	193,375	154,097
Other liabilities	955,513	992,906	1,017,860
Total liabilities	<u>1,125,394</u>	<u>1,186,281</u>	<u>1,171,957</u>
Deferred inflows	<u>272,615</u>	<u>267,535</u>	<u>272,951</u>
Invested in capital assets, net of related debt	1,166,017	1,212,272	1,298,183
Unrestricted net assets	<u>955,828</u>	<u>719,780</u>	<u>571,983</u>
Total net position	<u>2,121,845</u>	<u>1,932,052</u>	<u>1,870,166</u>
Total liabilities and net position	<u>\$ 3,519,854</u>	<u>\$3,385,868</u>	<u>\$ 3,315,074</u>
Dwelling rentals	\$ 330,000	\$ 316,808	\$ 286,322
Operating subsidy	402,120	322,233	303,433
Other revenue	<u>173,566</u>	<u>136,802</u>	<u>139,587</u>
Total operating revenues	<u>905,686</u>	<u>775,843</u>	<u>729,342</u>
Operating expenses			
Excluding depreciation	633,372	653,306	666,931
Depreciation	<u>83,957</u>	<u>85,911</u>	<u>119,496</u>
Total operating expenses	<u>717,329</u>	<u>739,217</u>	<u>786,427</u>
Non operating revenue (expenses)	<u>1,436</u>	<u>25,260</u>	<u>23,565</u>
Income (loss) before capital contributions	<u>189,793</u>	<u>61,886</u>	<u>(33,520)</u>
Capital grants received	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>189,793</u>	<u>61,886</u>	<u>(33,520)</u>
Beginning net position	<u>1,932,052</u>	<u>1,870,166</u>	<u>1,878,069</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>25,617</u>
Ending net position	<u>\$ 2,121,845</u>	<u>\$1,932,052</u>	<u>\$ 1,870,166</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

Opinion

We have audited the accompanying comparative financial statements of Beverly Housing Authority (a nonprofit organization) as of and for the years ended September 30, 2021 and 2020, 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.

In our opinion, the comparative financial statements present fairly, in all material respects, the respective financial position of Beverly Housing Authority as of September 30, 2021 and 2020, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beverly Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Beverly Housing Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 XYZ Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about XYZ Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements as a whole. 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. The 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.

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, 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

March 31, 2022

BEVERLY HOUSING AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
Cash and cash equivalents	\$ 1,075,157	\$ 867,268
Restricted deposits		
Tenant deposits held in trust	31,512	31,944
Certificate of deposits	1,091,030	1,090,523
Tenants' accounts receivable (See Note C)	34,168	13,818
Accounts receivable - HUD	-	761
Accounts receivable - other	10,801	10,377
Miscellaneous prepaid expenses	8,961	8,718
Total current assets	<u>2,251,629</u>	<u>2,023,409</u>
Property and Equipment		
Land	54,519	54,519
Buildings	3,368,279	3,368,279
Furniture and equipment	155,970	118,268
Leasehold improvements	765,087	765,087
	<u>4,343,855</u>	<u>4,306,153</u>
Accumulated depreciation	(3,177,838)	(3,093,881)
Construction in progress	-	-
	<u>1,166,017</u>	<u>1,212,272</u>
Deferred outflow of resources	<u>102,208</u>	<u>150,187</u>
Total assets	<u>\$ 3,519,854</u>	<u>\$ 3,385,868</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 15,314	\$ 16,887
Tenant security deposits	31,512	31,944
Prepaid revenue	42,918	61,752
Compensated absences, current portion	34,431	32,147
Other accrued liabilities	45,706	50,645
Total current liabilities	<u>169,881</u>	<u>193,375</u>
Noncurrent liabilities		
Compensated absences	309,882	289,326
Accrued pension	645,631	703,580
Total liabilities	<u>1,125,394</u>	<u>1,186,281</u>
Deferred inflow of resources	<u>272,615</u>	<u>267,535</u>
Invested in capital assets, net of related debt	<u>1,166,017</u>	<u>1,212,272</u>
Unrestricted net position	<u>955,828</u>	<u>719,780</u>
Total net position	<u>\$ 3,519,854</u>	<u>\$ 3,385,868</u>

See accountant's report and accompanying notes to financial statements.

BEVERLY HOUSING AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Dwelling rentals	\$ 330,000	\$ 316,808
Operating grants	402,120	322,233
Other revenue	173,566	136,802
Total revenues	<u>905,686</u>	<u>775,843</u>
EXPENSES		
Administrative	383,728	394,310
Utilities	58,616	56,307
Operating and maintenance	104,769	116,484
General	86,259	86,205
Depreciation	83,957	85,911
Total expenses	<u>717,329</u>	<u>739,217</u>
NON OPERATING REVENUES (EXPENSES)		
Investment income	1,436	25,260
Total non operating revenues (expenses)	<u>1,436</u>	<u>25,260</u>
Income before contributions and transfers	189,793	61,886
CAPITAL GRANTS RECEIVED		
HUD capital grants	<u>-</u>	<u>-</u>
Change in net position	189,793	61,886
Beginning net position	<u>1,932,052</u>	<u>1,870,166</u>
Ending net position	<u>\$ 2,121,845</u>	<u>\$ 1,932,052</u>

BEVERLY HOUSING AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
From tenants for rental and other income	\$ 483,121	\$ 451,028
From operating grants	383,286	339,459
Cash Paid:		
To employees for operations	(363,778)	(347,200)
To suppliers for operations	(256,399)	(242,933)
Net cash provided (used) by operating activities	<u>244,230</u>	<u>200,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(37,702)	-
(Purchases) maturities of certificate of deposit	(507)	(19,112)
Investment income	1,436	25,269
Net cash provided (used) by investing activities	<u>(36,773)</u>	<u>6,148</u>
Net increase (decrease) in cash	<u>207,457</u>	<u>206,502</u>
Beginning cash and cash equivalents	899,212	692,710
Ending cash and cash equivalents	<u>\$ 1,106,669</u>	<u>\$ 899,212</u>
ENDING CASH AND CASH EQUIVALENTS RECAP:		
Cash - unrestricted	\$ 1,073,137	\$ 867,268
Tenant deposits held in trust - restricted	31,532	31,944
	<u>\$ 1,106,669</u>	<u>\$ 899,212</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATIONS		
Operating income (loss)	\$ 188,357	\$ 36,626
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense	83,957	85,911
Prior period adjustment	-	-
Decrease (increase) in assets/deferred outflows:		
Tenants accounts receivable	(20,350)	(4,948)
Accounts receivable - other	(424)	(315)
Accounts receivable - HUD	761	(761)
Prepaid expenses	(243)	(5)
Deferred outflows	47,979	74,938
Increase (Decrease) in liabilities/deferred inflows:		
Accounts payable	(1,573)	2,349
Accrued liabilities, pension and compensated absences	(40,048)	(8,693)
Prepaid revenue	(18,834)	17,226
Tenant deposits held in trust	(432)	3,441
Deferred inflows	5,080	(5,416)
Net cash provided (used) by operating activities	<u>\$ 244,230</u>	<u>\$ 200,354</u>

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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, 2021, 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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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) at September 30, 2021 and 2020 consisted of the following:

	2021	2020
Checking accounts	\$ 1,075,007	\$ 867,118
Security deposits	31,512	31,944
Petty cash	150	150
	<u>\$ 1,106,669</u>	<u>\$ 899,212</u>

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE C – TENANTS' ACCOUNTS RECEIVABLE

The following is a summary of receivables at September 30, 2021 and 2020:

	2021	2020
Current tenants' rent balances	\$ 37,115	16,638
Current tenants' back rent	2,650	2,095
	39,765	18,733
Less: Allowance for doubtful accounts	(5,597)	(4,915)
	<u>\$ 34,168</u>	<u>\$ 13,818</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, 2021:

	Balance October 1, 2020	Additions	Disposals	Transfers /Other	Balance September 30, 2021
Land	\$ 54,519	\$ -	\$ -	\$ -	\$ 54,519
Buildings & improvements	3,368,279	-	-	-	3,368,279
Furniture & equipment	118,268	37,702	-	-	155,970
Leasehold improvements	765,087	-	-	-	765,087
	4,306,153	37,702	-	-	4,343,855
Less: Accumulated depreciation	(3,093,881)	(83,957)	-	-	(3,177,838)
	<u>\$ 1,212,272</u>	<u>\$ (46,255)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,166,017</u>

Depreciation expense for the years ended September 30, 2021 and 2020 amounted to \$83,957 and \$85,911, 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 years ended September 30, 2021 and 2020, the City was entitled to PILOT of \$27,138 and \$25,919, respectively.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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 \$344,313 and \$321,473 at September 30, 2021 and September 30, 2020, respectively.

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 fiscal years ended September 30, 2021 and 2020 was \$43,311 and \$37,982, respectively.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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, 2021, the Authority reported a liability of \$645,631 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Authority's collection proportion percentage was .0039591405%.

For the year ended September 30, 2021 the Authority recognized pension expense of \$43,311. At September 30, 2021, 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	\$ 11,756	\$ 2,283
Change of assumptions	20,945	270,332
Net difference between projected and actual investment earnings on pension plan investments	22,068	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>47,439</u>	<u>-</u>
Total	<u>\$ 102,208</u>	<u>\$ 272,615</u>

The total pension liability in the June 30, 2020 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, 2021 and 2020

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 (7% at June 30, 2020) 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 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 non employer contributing entity will be based on 78% of the actuarially determined contributions of the State employer and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine 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 7.00%, 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%) or 1-percentage point higher (8.00%) than the current rate:

	Discount Rate		
	6.00%	7.00%	8.00%
Authority's proportionate share of Net pension liability	\$819,134	\$650,709	\$507,796

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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:

2021	\$ (81,015)
2022	(73,861)
2023	(42,210)
2024	(17,069)
2025	(3,692)

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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2020, 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, 2020, are as follows:

Service cost	\$ 31,361
Interest on the Total Pension Liability	241,558
Benefit changes	(700)
Member Contributions	(22,292)
Administrative Expenses	533
Expected investment return net of investment expenses	(60,154)
Pension expense related to specific liabilities of individual employers	(279)
Current recognition (amortization) of deferred outflows and inflows of resources:	
Differences between expected and actual experience	7,204
Changes of assumptions	(33,070)
Differences between projected and actual investment earnings on pension plan investments	11,074
Total Pension expense	<u>\$ 155,235</u>

NOTE H – RISK MANAGEMENT

During the years ended September 30, 2021, 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.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE I – CONSTRUCTION COMMITMENTS

At September 30, 2021, 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.

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 September 30, 2021, and through March 31, 2022. 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. All amounts were spent on eligible expenses through September 30, 2021.

SUPPLEMENTARY INFORMATION

BEVERLY HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 September 30, 2021

	Project Total	14 PHC Public Housing CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$2,165,167		\$2,165,167	\$2,165,167
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$31,512		\$31,512	\$31,512
115 Cash - Restricted for Payment of Current Liabilities				
116 Total Cash	\$2,197,699	\$0	\$2,197,699	\$2,197,699
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$10,801		\$10,801	\$10,801
126 Accounts Receivable - Tenants	\$37,115		\$37,115	\$37,115
126.1 Allowance for Doubtful Accounts - Tenants	-\$4,271		-\$4,271	-\$4,271
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$2,650		\$2,650	\$2,650
128.1 Allowance for Doubtful Accounts - Fraud	-\$1,326		-\$1,326	-\$1,326
129 Accrued Interest Receivable				
129 Total Receivables, Net of Allowances for Doubtful Accounts	\$44,969	\$0	\$44,969	\$44,969
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$8,961		\$8,961	\$8,961
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$2,251,629	\$0	\$2,251,629	\$2,251,629
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	\$155,969		\$155,969	\$155,969
165 Leasehold Improvements	\$755,087		\$755,087	\$755,087
166 Accumulated Depreciation	-\$3,177,837		-\$3,177,837	-\$3,177,837
167 Construction in Progress				
168 Infrastructure				
169 Total Capital Assets, Net of Accumulated Depreciation	\$1,166,017	\$0	\$1,166,017	\$1,166,017
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	\$1,166,017	\$0	\$1,166,017	\$1,166,017
200 Deferred Outflow of Resources	\$102,208		\$102,208	\$102,208
280 Total Assets and Deferred Outflow of Resources	\$3,519,854	\$0	\$3,519,854	\$3,519,854

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2021

311 Bank Overdraft				
312 Accounts Payable - <= 90 Days	\$15,314		\$15,314	\$15,314
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$11,385		\$11,385	\$11,385
322 Accrued Compensated Absences - Current Portion	\$34,431		\$34,431	\$34,431
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$27,138		\$27,138	\$27,138
341 Tenant Security Deposits	\$31,512		\$31,512	\$31,512
342 Unearned Revenue	\$42,918		\$42,918	\$42,918
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	\$7,183		\$7,183	\$7,183
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$169,881	\$0	\$169,881	\$169,881
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	\$309,882		\$309,882	\$309,882
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$645,631		\$645,631	\$645,631
350 Total Non-Current Liabilities	\$955,513	\$0	\$955,513	\$955,513
300 Total Liabilities	\$1,125,394	\$0	\$1,125,394	\$1,125,394
400 Deferred Inflow of Resources	\$272,615		\$272,615	\$272,615
500.4 Net Investment in Capital Assets	\$1,166,017		\$1,166,017	\$1,166,017
511.4 Restricted Net Position				
512.4 Unrestricted Net Position	\$955,828	\$0	\$955,828	\$955,828
510 Total Equity - Net Assets / Position	\$2,121,845	\$0	\$2,121,845	\$2,121,845
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,519,854	\$0	\$3,519,854	\$3,519,854
70300 Net Tenant Rental Revenue	\$330,000		\$330,000	\$330,000
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$330,000	\$0	\$330,000	\$330,000
70600 HUD PHA Operating Grants	\$378,084	\$24,036	\$402,120	\$402,120
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	\$1,436		\$1,436	\$1,436
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2021

71400 Fraud Recovery	\$13,438		\$13,438	\$13,438
71500 Other Revenue	\$160,128		\$160,128	\$160,128
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$983,066	\$24,036	\$907,122	\$907,122
91100 Administrative Salaries	\$232,484	\$20,100	\$252,584	\$252,584
91200 Auditing Fees	\$11,150		\$11,150	\$11,150
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit Contributions - Administrative	\$80,649	\$3,936	\$84,785	\$84,785
91600 Office Expenses	\$16,112		\$16,112	\$16,112
91700 Legal Expenses	\$1,621		\$1,621	\$1,621
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$17,476		\$17,476	\$17,476
91000 Total Operating - Administrative	\$359,882	\$24,036	\$383,728	\$383,728
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	\$0
93100 Water	\$1,657		\$1,657	\$1,657
93200 Electricity	\$9,762		\$9,762	\$9,762
93300 Gas	\$1,657		\$1,657	\$1,657
93400 Fuel				
93500 Labor	\$15,025		\$15,025	\$15,025
93600 Sewer	\$24,684		\$24,684	\$24,684
93700 Employee Benefit Contributions - Utilities	\$6,431		\$6,431	\$6,431
93800 Other Utilities Expense				
93000 Total Utilities	\$58,616	\$0	\$58,616	\$58,616
94100 Ordinary Maintenance and Operations - Labor	\$45,066		\$45,066	\$45,066
94200 Ordinary Maintenance and Operations - Materials and Other	\$16,173		\$16,173	\$16,173
94300 Ordinary Maintenance and Operations Contracts	\$28,526		\$28,526	\$28,526
94500 Employee Benefit Contributions - Ordinary Maintenance	\$15,004		\$15,004	\$15,004
94000 Total Maintenance	\$104,769	\$0	\$104,769	\$104,769
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
96110 Property Insurance				
96120 Liability Insurance				
96130 Workers's Compensation				
96140 All Other Insurance	\$35,600		\$35,600	\$35,600
96100 Total Insurance Premiums	\$35,600	\$0	\$35,600	\$35,600

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2021

96200 Other General Expenses				
96210 Compensated Absences	\$22,839		\$22,839	\$22,839
96300 Payments in Lieu of Taxes	\$27,138		\$27,138	\$27,138
96400 Bad debt - Tenant Rents	\$982		\$982	\$982
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96600 Severance Expense				
96000 Total Other General Expenses	\$50,959	\$0	\$50,959	\$50,959
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
96900 Total Operating Expenses	\$609,336	\$24,636	\$633,972	\$633,972
97000 Excess of Operating Revenue over Operating Expenses	\$273,750	\$0	\$273,750	\$273,750
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97330 HAP Portability-In				
97400 Depreciation Expense	\$83,957		\$83,957	\$83,957
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$693,293	\$24,636	\$717,929	\$717,929
10010 Operating Transfer In	\$144,013		\$144,013	\$144,013
10020 Operating transfer Out	-\$144,013		-\$144,013	-\$144,013
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$189,793	\$0	\$189,793	\$189,793
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,932,052	\$0	\$1,932,052	\$1,932,052
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0	\$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				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	852		852	852
11210 Number of Unit Months Leased	830		830	830
11270 Excess Cash	\$2,022,009		\$2,022,009	\$2,022,009
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
13801 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, 2021, 2020, 2019, 2018, 2017 and 2016

	2021	2020	2019	2018	2017	2016
Authority's proportionate share of the net pension liability (asset)	0.000099934025	0.000079647792	0.000081631466	0.00003720256	0.0000552628	0.0000134453
Authority's proportionate share of the net pension liability	\$ 645,671	\$ 703,582	\$ 751,415	\$ 806,083	\$ 1,044,284	\$ 750,380
Authority's covered employee payroll	\$ 318,168	\$ 297,553	\$ 297,270	\$ 285,638	\$ 272,972	\$ 282,016
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	202.92%	236.46%	252.81%	282.31%	382.69%	266.22%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.69%	48.10%	40.14%	47.50%

**The amounts presented were measured as of June 30, 2020, 2019, 2018, 2017, 2016 and 2015.

Note: GASB Statement No. 68 requires six years of information to be presented in this table. However, until a full 10-year trend is completed, 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, 2021, 2020, 2019, 2018, 2017 and 2016

	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 43,311	\$ 37,982	\$ 37,960	\$ 34,467	\$ 31,337	\$ 28,754
Contributions in relation to the statutorily required contributions	\$ 43,311	\$ 37,982	\$ 37,960	\$ 34,467	\$ 31,337	\$ 28,754
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	318,168	297,553	297,220	285,634	272,972	282,016
Contributions as a percentage of covered -employee payroll	14%	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, 2021

1 The Actual Capital Fund Grant Costs of Program NJ39P01850121 is as follows:

	<u>CFP NO. NJ39P01850121</u>	
Funds Approved	\$	144,013
Funds Expended		<u>144,013</u>
Excess of Funds Approved	<u>\$</u>	<u>-</u>
Funds Advanced	\$	144,013
Funds Expended		<u>144,013</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, 2021, 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 March 31, 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) 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.

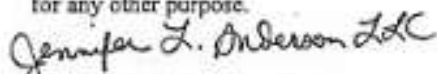
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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
March 31, 2022

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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, 2021. 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, 2021 audit.

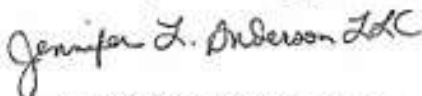
Recommendations

There are no recommendations related to the September 30, 2021 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
March 31, 2022