

BEVERLY HOUSING AUTHORITY
COMPARATIVE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
Years Ended September 30, 2023 and 2022

BEVERLY HOUSING AUTHORITY

FINANCIAL STATEMENTS

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BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended September 30, 2023 and 2022

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, 2023.

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, 2023, 2022 and 2021 by \$2,752,123 (net position), \$2,408,524 (net position), and \$2,121,845 (net position), respectively.
- As of the close of the current fiscal year, the Housing Authority reported ending unrestricted net position of \$1,724,719, representing an increase of \$407,319 from the prior fiscal year balance. As of September 30, 2022, the Authority reported unrestricted net position of \$1,317,400, which was an increase of \$361,572 from September 30, 2021 unrestricted net position of \$955,828.
- The Housing Authority's cash and cash equivalent balances (including tenant security deposits) at September 30, 2023 were \$2,817,087, representing an increase of \$301,699 from the prior fiscal year. The Housing Authority's cash and cash equivalent balances (including tenant security deposits) at September 30, 2022 were \$2,515,388, representing an increase of \$1,408,719 from the prior fiscal year balance of \$1,106,669.
- The Authority's net operating revenues after expenses, (excluding depreciation of \$63,720) of \$350,584 represents an increase of \$6,457 for the year ended September 30, 2023 over the prior fiscal year. The Authority's net operating revenues after expenses (excluding depreciation expense), produced an amount of revenue over expenses of \$357,041 and \$272,314 for the years ended September 30, 2022 and 2021, respectively.
- The Housing Authority's capital outlays for the fiscal years ending September 30, 2023, 2022 and 2021 were \$-0-, \$-0- and \$-0- respectively.
- The Housing Authority's Expenditures of Federal Awards for the fiscal years ending September 30, 2023, 2022 and 2021 were \$408,141, \$397,726, and \$402,120, respectively.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2023 and 2022

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 Statement 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) subsidies 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, 2023 and 2022

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 and Schedule of the Authority's Contributions are included in this Report for the purpose of additional analysis. These schedules can be found starting on page 27.

Financial Analysis of the Authority

Comparison of 2023 to 2022

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, 2023, the unrestricted net position of the Authority is \$1,724,719 which represents an increase of \$407,319 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 \$63,720, by \$322,284 during the fiscal year. Investment income of \$47,671 represents an increase of \$43,140 from the prior fiscal year. Operating grant subsidies increased \$10,415 from the prior fiscal year. Utilities increased by \$14,556. Maintenance expenses increased by \$55,620 as a result of the retirement of maintenance staff. Insurance costs increased by \$2,182 and bad debt expense, compensated absences and pilot costs decreased by \$40,023 in total. Capital operating grants increased by \$5,170. Tenant rental income increased by \$8,082 due to the use of greater resources available to confirm household income and residents going back to work. 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 2023, the Authority recorded depreciation expense of \$63,720.

BEVERLY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
Years Ended September 30, 2023 and 2022

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2023 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, 2023, the Housing Authority's investment in capital assets for its Proprietary Fund was \$1,027,404 (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 2022 to 2021

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, 2022, the unrestricted net position of the Authority is \$1,317,400 which represents an increase of \$361,572 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 \$74,893, by \$357,041 during the fiscal year. Investment income of \$4,531 represents an increase of \$3,095 from the prior fiscal year. Operating grant subsidies decreased \$4,394 from the prior fiscal year. Utilities decreased by \$13,296. Maintenance expenses decreased by \$34,657 as a result of the retirement of maintenance staff. Insurance costs increased by \$2,343 and bad debt expense, compensated absences and pilot costs increased by \$41,194 in total. Capital operating grants increased by \$31,404. Tenant rental income increased by \$37,184 due to the use of greater resources available to confirm household income and residents going back to work. 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, 2023 and 2022

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 2022, the Authority recorded depreciation expense of \$74,893.

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>	
2023	\$ 2,731,003	2023	20.67
2022	2,381,577	2022	13.95

“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

2023	8.71%
2022	7.95%

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, 2023: 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 \$1,724,719 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, 2023 and 2022

CONDENSED FINANCIAL STATEMENTS

Composition of Net Position is as follows:

	9/30/23	Year Ended 9/30/22	9/30/21
Current assets	\$ 2,869,869	\$2,565,440	\$ 2,251,629
Capital assets	1,027,404	1,091,124	1,166,017
Deferred outflows	92,423	35,676	102,208
Total assets	<u>3,989,696</u>	<u>3,692,240</u>	<u>3,519,854</u>
Current liabilities	138,866	183,863	169,881
Other liabilities	992,684	800,931	955,513
Total liabilities	<u>1,131,550</u>	<u>984,794</u>	<u>1,125,394</u>
Deferred inflows	<u>106,023</u>	<u>298,922</u>	<u>272,615</u>
Invested in capital assets, net of related debt	1,027,404	1,091,124	1,166,017
Unrestricted net assets	<u>1,724,719</u>	<u>1,317,400</u>	<u>955,828</u>
Total net position	<u>2,752,123</u>	<u>2,408,524</u>	<u>2,121,845</u>
Total liabilities and net position	<u>\$ 3,989,696</u>	<u>\$3,692,240</u>	<u>\$ 3,519,854</u>
Dwelling rentals	\$ 368,344	\$ 367,184	\$ 330,000
Operating subsidy	408,141	397,726	402,120
Other revenue	<u>276,824</u>	<u>187,369</u>	<u>173,566</u>
Total operating revenues	<u>1,053,309</u>	<u>952,279</u>	<u>905,686</u>
Operating expenses			
Excluding depreciation	702,725	595,238	633,372
Depreciation	<u>63,720</u>	<u>74,893</u>	<u>83,957</u>
Total operating expenses	<u>766,445</u>	<u>670,131</u>	<u>717,329</u>
Non operating revenue (expenses)	<u>47,671</u>	<u>4,531</u>	<u>1,436</u>
Income (loss) before capital contributions	<u>334,535</u>	<u>286,679</u>	<u>189,793</u>
Capital grants received	-	-	-
Change in net position	<u>334,535</u>	<u>286,679</u>	<u>189,793</u>
Beginning net position	2,408,524	2,121,845	1,932,052
Prior period adjustments	<u>9,064</u>	<u>-</u>	<u>-</u>
Ending net position	<u>\$ 2,752,123</u>	<u>\$2,408,524</u>	<u>\$ 2,121,845</u>

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Independent Auditor's Report

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

Report on the audit of the Financial Statements

Opinions

We have audited the accompanying comparative financial statements of the Housing Authority of the City of Beverly (Housing Authority) as of and for the years ended September 30, 2023 and 2022, 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 accompanying comparative financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority as of September 30, 2023 and 2022, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the Housing Authority and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have 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 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.

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 the Housing Authority's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 judgement 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 the Housing Authority's internal control. According, 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 on whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority'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.

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, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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 Housing Authority's basic financial statements. The Financial Data Schedule is 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 the Inspector General, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 November 29, 2023, on our consideration of the 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 the 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 the Housing Authority's internal control over financial reporting and compliance.



Jennifer L Anderson, LLC
Moorestown, New Jersey
November 29, 2023

BEVERLY HOUSING AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2023 and 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
Cash and cash equivalents	\$ 2,782,895	\$ 2,483,747
Restricted deposits		
Tenant deposits held in trust	34,192	31,641
Tenants' accounts receivable (See Note C)	23,463	26,926
Accounts receivable - HUD	1,851	-
Accounts receivable - other	17,313	13,465
Miscellaneous prepaid expenses	10,155	9,661
Total current assets	<u>2,869,869</u>	<u>2,565,440</u>
Property and Equipment		
Land	54,519	54,519
Buildings	3,368,279	3,368,279
Furniture and equipment	155,970	155,970
Leasehold improvements	765,087	765,087
	<u>4,343,855</u>	<u>4,343,855</u>
Accumulated depreciation	(3,316,451)	(3,252,731)
Construction in progress	-	-
	<u>1,027,404</u>	<u>1,091,124</u>
Deferred outflow of resources	<u>92,423</u>	<u>35,676</u>
Total assets	<u>\$ 3,989,696</u>	<u>\$ 3,692,240</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 22,318	\$ 22,212
Tenant security deposits	34,192	31,641
Prepaid revenue	3,849	39,091
Compensated absences, current portion	39,542	37,593
Other accrued liabilities	38,965	53,326
Total current liabilities	<u>138,866</u>	<u>183,863</u>
Noncurrent liabilities		
Compensated absences	355,878	337,800
Accrued pension	636,806	463,131
Total liabilities	<u>1,131,550</u>	<u>984,794</u>
Deferred inflow of resources	<u>106,023</u>	<u>298,922</u>
Invested in capital assets, net of related debt	<u>1,027,404</u>	<u>1,091,124</u>
Unrestricted net position	<u>1,724,719</u>	<u>1,317,400</u>
Total net position	<u>2,752,123</u>	<u>2,408,524</u>
	<u>\$ 3,989,696</u>	<u>\$ 3,692,240</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Dwelling rentals	\$ 368,344	\$ 367,184
Operating grants	408,141	397,726
Other revenue	276,824	187,369
Total revenues	<u>1,053,309</u>	<u>952,279</u>
EXPENSES		
Administrative	426,180	351,833
Utilities	59,876	45,320
Operating and maintenance	125,739	68,289
General	90,930	129,796
Depreciation	63,720	74,893
Total expenses	<u>766,445</u>	<u>670,131</u>
NON OPERATING REVENUES (EXPENSES)		
Investment income	47,671	4,531
Total non operating revenues (expenses)	<u>47,671</u>	<u>4,531</u>
Income before contributions and transfers	334,535	286,679
CAPITAL GRANTS RECEIVED		
HUD capital grants	<u>-</u>	<u>-</u>
Change in net position	334,535	286,679
Beginning net position	2,408,524	2,121,845
Prior period adjustments	<u>9,064</u>	<u>-</u>
Ending net position	<u>\$ 2,752,123</u>	<u>\$ 2,408,524</u>

BEVERLY HOUSING AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received:		
From tenants for rental and other income	\$ 647,334	\$ 559,260
From operating grants	371,048	393,899
Cash Paid:		
To employees for operations	(482,124)	(410,414)
To suppliers for operations	(282,230)	(229,587)
Net cash provided (used) by operating activities	<u>254,028</u>	<u>313,158</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	-
(Purchases) maturities/reclassifications of certificate of deposit	-	1,091,030
Investment income	47,671	4,531
Net cash provided (used) by investing activities	<u>47,671</u>	<u>1,095,561</u>
Net increase (decrease) in cash	<u>301,699</u>	<u>1,408,719</u>
Beginning cash and cash equivalents	2,515,388	1,106,669
Ending cash and cash equivalents	<u>\$ 2,817,087</u>	<u>\$ 2,515,388</u>
ENDING CASH AND CASH EQUIVALENTS RECAP:		
Cash - unrestricted	\$ 2,782,895	\$ 2,483,747
Tenant deposits held in trust - restricted	34,192	31,641
	<u>\$ 2,817,087</u>	<u>\$ 2,515,388</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATIONS		
Operating income (loss)	\$ 286,864	\$ 282,148
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation expense	63,720	74,893
Prior period adjustment	9,064	-
Decrease (Increase) in assets/deferred outflows:		
Tenants accounts receivable	3,463	7,242
Accounts receivable - other	(3,848)	(2,664)
Accounts receivable - HUD	(1,851)	-
Prepaid expenses	(494)	(700)
Deferred outflows	(56,747)	66,532
Increase (Decrease) in liabilities/deferred inflows:		
Accounts payable	106	6,898
Accrued liabilities, pension and compensated absences	179,341	(143,800)
Prepaid revenue	(35,242)	(3,827)
Tenant deposits held in trust	2,551	129
Deferred inflows	(192,899)	26,307
Net cash provided (used) by operating activities	<u>\$ 254,028</u>	<u>\$ 313,158</u>

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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 (HUD). 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 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 Governmental Accounting Standards Board (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, 2023 and 2022

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

2) Basis of Accounting/Financial Statement Presentation

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.

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 include a statement of net assets, a statement of activities and a statement of cash flows. It requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets. 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.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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

2) Basis of Accounting/Financial Statement Presentation (Cont'd)

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 Net Investment 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.

Capital assets

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

Building	40 years
Leasehold improvements	15 to 20 years
Furnishings and equipment	5 years

Taxes

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

Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are recognized in the period earned in accordance with applicable HUD guidelines. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. 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.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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

2) Basis of Accounting/Financial Statement Presentation (Cont'd)

The Authority is generally entitled to receive funds from HUD under an established payment schedule or as expenditures are made under the Capital Fund Program or Comprehensive Improvements Assistance Program. 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 revenue consists primarily of miscellaneous service fees and GASB 68 pension benefit adjustments. The revenue is recorded as earned since it is measurable and available. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

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.

Allowance for Doubtful Accounts

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

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.

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.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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

2) Basis of Accounting/Financial Statement Presentation (Cont'd)

Cash and Cash Equivalents

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15-1 provides a list of securities which may be purchased by New Jersey Authorities.

The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured and in accordance with the Act.

HUD requires Housing Authorities to invest excess funds in obligations of the United States, Certificates of Deposit, or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

It is the Authority’s policy to maintain collateralization in accordance with state and HUD requirements. For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with maturities of three months or less at time of purchase.

Use of Management 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, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and net pension and other post-employment benefits (OPEB) liability, depreciable lives of properties and equipment, deferred inflows and outflows of resources, and contingencies. Actual results could differ significantly from these estimates.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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

2) Basis of Accounting/Financial Statement Presentation (Cont'd)

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.

Budgetary policy and control

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with GAAP. All appropriations lapse at HUD's program year end or at the end of grant periods.

Pursuant to N.J.S.A. 40A:5A-10 and N.J.A.C. 5:31 the Authority is also required to submit an authority wide budget for each fiscal year to the Director of the Division of Local Government Services 60 days prior to the end of the fiscal year. 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.

Impairment of Long-lived assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended September 30, 2023, no impairment losses occurred and the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

Pensions

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

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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

2) Basis of Accounting/Financial Statement Presentation (Cont'd)

Other Post Employment Benefits

The Authority adopted 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 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.

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 employer after the measurement date but before the end of the employer's reporting period. 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.

New Accounting Standards

The following GASB Statements that have been issued are under evaluation by the Authority:

- GASB Statement No. 87, *Leases*, GASB Statement No. 97, *Certain Component Unit Criteria*, and *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84*, and *a suppression of GASB Statement No. 32* are effective for year ending December 31, 2022.

The Authority has not adopted these standards and is evaluating the impact they may have on its financial statements.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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 deposits held in trusts) at September 30, 2023 and 2022 consisted of the following:

	2023	2022
Checking accounts	\$ 2,782,745	\$ 2,483,597
Security deposits	34,192	31,641
Petty cash	150	150
	<u>\$ 2,817,087</u>	<u>\$ 2,515,388</u>

NOTE C – TENANTS' ACCOUNTS RECEIVABLE

The following is a summary of receivables at September 30, 2023 and 2022:

	2023	2022
Current tenants' rent balances	\$ 25,764	29,939
Current tenants' back rent	8,989	17,068
	<u>34,753</u>	<u>47,007</u>
Less: Allowance for doubtful accounts	(11,290)	(20,081)
	<u>\$ 23,463</u>	<u>\$ 26,926</u>

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE D –CAPITAL 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 expensed 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, 2023:

	Balance October 1, 2022	Additions	Disposals	Transfers /Other	Balance September 30, 2023
Land	\$ 54,519	\$ -	\$ -	\$ -	\$ 54,519
Buildings & improvements	3,368,279	-	-	-	3,368,279
Furniture & equipment	155,970	-	-	-	155,970
Leasehold improvements	765,087	-	-	-	765,087
	4,343,855	-	-	-	4,343,855
Less: Accumulated depreciation	(3,252,731)	(63,720)	-	-	(3,316,451)
	<u>\$ 1,091,124</u>	<u>\$ (63,720)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,027,404</u>

Depreciation expense for the years ended September 30, 2023 and 2022 amounted to \$63,720 and \$74,893, 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, 2023, 2022, 2021, 2020, and 2019 the City was entitled to PILOT of \$30,778, \$31,426, \$27,138, \$25,919 and \$22,422 respectively.

The PILOT accrual was incorrectly reflected in the prior-year financial statements as \$40,490, when in fact the actual accrual was \$31,426. A prior period adjustment was recorded in 2023 to fix the error.

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 \$395,420 and \$375,393 at September 30, 2023 and September 30, 2022, respectively.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE G – PENSION PLAN

Plan Description

The Authority participates in 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.

Benefits

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.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE G – PENSION PLAN (Cont'd)

Contributions

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, 2023, 2022, 2021, 2020, 2019 and 2018 amounted to \$53,212, \$45,784, \$43,311, \$37,982, \$37,960 and \$34,467 respectively.

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

At September 30, 2022, the Authority reported a liability of \$636,806 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the Authority's collection proportion percentage was .0042196648%.

For the year ended September 30, 2023 the Authority recognized pension expense of \$53,212. At September 30, 2023, 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	\$ 4,596	\$ 4,053
Change of assumptions	1,973	95,355
Net difference between projected and actual investment earnings on pension plan investments	26,357	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>59,497</u>	<u>6,615</u>
Total	<u>\$ 92,423</u>	<u>\$ 106,023</u>

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE G – PENSION PLAN (Cont'd)

Actuarial Assumptions

The total pension liability in the June 30, 2022 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	2.75 – 6.55% based on years of service
Investment rate of return	7.00%

Mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table, with adjustments for mortality improvements based on Scale MP-2021.

Long-term Expected Rate of Return

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.

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 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 all projected benefit to determine 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.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE G – PENSION PLAN (Cont'd)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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	\$825,037	\$642,198	\$486,596

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:

2023	\$ (54,625)
2024	(27,829)
2025	(13,572)
2026	29,609
2027	(65)

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 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years for the 2022, 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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, 2022, are as follows:

Service cost	\$	29,285
Interest on the Total Pension Liability		117,456
Benefit changes		341
Member Contributions		(24,422)
Administrative Expenses		524
Expected investment return net of investment expenses		(78,406)
Pension expense related to specific liabilities of individual employers		(421)
Current recognition (amortization) of deferred outflows and inflows of resources:		
Differences between expected and actual experience		1,390
Changes of assumptions		(87,799)
Differences between projected and actual investment earnings on pension plan investments		<u>(1,950)</u>
Total Pension expense	\$	<u>(44,001)</u>

NOTE H - PRIOR PERIOD ADJUSTMENT

Net position as of October 1, 2022 has been adjusted to correct an incorrect PILOT accrual of \$40,490 as of September 30, 2022 and to correctly report the PILOT accrual in the amount of \$31,426 as of September 30, 2022. The net effect was a prior period adjustment of \$9,064 which was made in 2023.

NOTE I – RISK MANAGEMENT

During the years ended September 30, 2023, 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-official's 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 J – CONSTRUCTION COMMITMENTS

At September 30, 2023, 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 HUD.

BEVERLY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE K – ECONOMIC DEPENDENCY

The Authority's sole asset is a 71-unit apartment project. The Authority's operations are concentrated in the multifamily real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority 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 L – CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of September 30, 2023, the Authority estimates that no material liabilities will result from such audits.

NOTE M - SUBSEQUENT EVENTS

Events that occur after the financial statement date, but before the financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management of the Authority has evaluated the effects of subsequent events that have occurred subsequent to the period ending September 30, 2023, and through November 29, 2023, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE

September 30, 2023

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$2,782,895	\$2,782,895	\$2,782,895
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$34,192	\$34,192	\$34,192
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$2,817,087	\$2,817,087	\$2,817,087
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$1,851	\$1,851	\$1,851
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous	\$17,313	\$17,313	\$17,313
126 Accounts Receivable - Tenants	\$25,764	\$25,764	\$25,764
126.1 Allowance for Doubtful Accounts - Tenants	-\$6,796	-\$6,796	-\$6,796
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	\$8,989	\$8,989	\$8,989
128.1 Allowance for Doubtful Accounts - Fraud	-\$4,494	-\$4,494	-\$4,494
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$42,627	\$42,627	\$42,627
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$10,155	\$10,155	\$10,155
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$2,869,869	\$2,869,869	\$2,869,869
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	\$765,087	\$765,087	\$765,087
166 Accumulated Depreciation	-\$3,316,451	-\$3,316,451	-\$3,316,451
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,027,403	\$1,027,403	\$1,027,403

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2023

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	\$1,027,403	\$1,027,403	\$1,027,403
200 Deferred Outflow of Resources	\$92,423	\$92,423	\$92,423
290 Total Assets and Deferred Outflow of Resources	\$3,989,695	\$3,989,695	\$3,989,695
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$13,219	\$13,219	\$13,219
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$9,099	\$9,099	\$9,099
322 Accrued Compensated Absences - Current Portion	\$39,542	\$39,542	\$39,542
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$30,778	\$30,778	\$30,778
341 Tenant Security Deposits	\$34,192	\$34,192	\$34,192
342 Unearned Revenue	\$3,849	\$3,849	\$3,849
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities	\$8,187	\$8,187	\$8,187
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$138,866	\$138,866	\$138,866
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	\$355,878	\$355,878	\$355,878
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$636,806	\$636,806	\$636,806
350 Total Non-Current Liabilities	\$992,684	\$992,684	\$992,684
300 Total Liabilities	\$1,131,550	\$1,131,550	\$1,131,550
400 Deferred Inflow of Resources	\$106,023	\$106,023	\$106,023

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2023

508.4 Net Investment in Capital Assets	\$1,027,403	\$1,027,403	\$1,027,403
511.4 Restricted Net Position	\$0	\$0	\$0
512.4 Unrestricted Net Position	\$1,724,719	\$1,724,719	\$1,724,719
513 Total Equity - Net Assets / Position	\$2,752,122	\$2,752,122	\$2,752,122
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,989,695	\$3,989,695	\$3,989,695
70300 Net Tenant Rental Revenue	\$367,656	\$367,656	\$367,656
70400 Tenant Revenue - Other	\$688	\$688	\$688
70500 Total Tenant Revenue	\$368,344	\$368,344	\$368,344
70600 HUD PHA Operating Grants	\$408,141	\$408,141	\$408,141
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	\$47,671	\$47,671	\$47,671
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$19,575	\$19,575	\$19,575
71500 Other Revenue	\$257,249	\$257,249	\$257,249
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$1,100,980	\$1,100,980	\$1,100,980
91100 Administrative Salaries	\$267,146	\$267,146	\$267,146
91200 Auditing Fees	\$12,345	\$12,345	\$12,345
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$104,990	\$104,990	\$104,990
91600 Office Expenses	\$14,837	\$14,837	\$14,837
91700 Legal Expense	\$2,105	\$2,105	\$2,105
91800 Travel	\$10,957	\$10,957	\$10,957
91810 Allocated Overhead			
91900 Other	\$13,800	\$13,800	\$13,800
91000 Total Operating - Administrative	\$426,180	\$426,180	\$426,180
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

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2023

93100 Water	\$1,757	\$1,757	\$1,757
93200 Electricity	\$10,460	\$10,460	\$10,460
93300 Gas	\$2,537	\$2,537	\$2,537
93400 Fuel			
93500 Labor	\$13,077	\$13,077	\$13,077
93600 Sewer	\$26,569	\$26,569	\$26,569
93700 Employee Benefit Contributions - Utilities	\$5,476	\$5,476	\$5,476
93800 Other Utilities Expense			
93000 Total Utilities	\$59,876	\$59,876	\$59,876
94100 Ordinary Maintenance and Operations - Labor	\$39,233	\$39,233	\$39,233
94200 Ordinary Maintenance and Operations - Materials and Other	\$35,240	\$35,240	\$35,240
94300 Ordinary Maintenance and Operations Contracts	\$34,839	\$34,839	\$34,839
94500 Employee Benefit Contributions - Ordinary Maintenance	\$16,427	\$16,427	\$16,427
94000 Total Maintenance	\$125,739	\$125,739	\$125,739
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
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance	\$40,125	\$40,125	\$40,125
96100 Total insurance Premiums	\$40,125	\$40,125	\$40,125
96200 Other General Expenses			
96210 Compensated Absences	\$20,027	\$20,027	\$20,027
96300 Payments in Lieu of Taxes	\$30,778	\$30,778	\$30,778
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$50,805	\$50,805	\$50,805
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	\$702,725	\$702,725	\$702,725
97000 Excess of Operating Revenue over Operating Expenses	\$398,255	\$398,255	\$398,255
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$63,720	\$63,720	\$63,720
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$766,445	\$766,445	\$766,445

BEVERLY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
September 30, 2023

10010 Operating Transfer In	\$180,587	\$180,587	\$180,587
10020 Operating transfer Out	-\$180,587	-\$180,587	-\$180,587
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	\$334,535	\$334,535	\$334,535
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$2,408,523	\$2,408,523	\$2,408,523
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$9,064	\$9,064	\$9,064
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	812	812	812
11270 Excess Cash	\$2,662,288	\$2,662,288	\$2,662,288
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 FOR THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
Years Ended September 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016

	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportionate share of the net pension liability (asset)	0.000042196648	0.000039994326	0.00003991405	0.000039047292	0.000038163146	0.0000372056	0.0000356528	0.0000334453
Authority's proportionate share of the net pension liability	\$	\$	\$	\$	\$	\$	\$	\$
Authority's covered-smplyee payroll	\$ 316,316	\$ 284,726	\$ 318,168	\$ 297,537	\$ 297,230	\$ 285,638	\$ 272,972	\$ 282,016
Authority's proportionate share of the net pension liability as a percentage of its covered-smplyee payroll	201.32%	162.66%	202.92%	236.46%	252.81%	303.21%	382.60%	266.22%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

**The amounts presented were measured as of June 30, 2022, 2021, 2020, 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 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, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 53,212	\$ 45,784	\$ 43,311	\$ 37,982	\$ 37,960	\$ 34,467	\$ 31,327	\$ 28,754
Contributions in relation to the statutorily required contributions	\$ 53,212	\$ 45,784	\$ 43,311	\$ 37,982	\$ 37,960	\$ 34,467	\$ 31,327	\$ 28,754
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	316,316	284,726	318,168	297,553	297,220	285,638	272,972	282,016
Contributions as a percentage of covered -employee payroll	17%	16%	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.

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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, as of and for the year ended September 30, 2023, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 29, 2023.

Report on 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 a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Jennifer L. Anderson, LLC". The signature is written in a cursive, flowing style.

Jennifer L Anderson, LLC

Moorestown, NJ
November 29, 2023

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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, 2023. 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, 2023 audit.

Recommendations

There are no recommendations related to the September 30, 2023 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
November 29, 2023